

McPHERSON COUNTY, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
December 31, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT
of
McPHERSON COUNTY, KANSAS
FOR THE YEAR ENDED DECEMBER 31, 2014

Linus Linaweaver, Commissioner
Ron Loomis, Commissioner
Duane J. Patrick, Commissioner

PREPARED BY FINANCIAL MANAGER'S DEPARTMENT
Richard D. Witte, Administrator/Financial Manager

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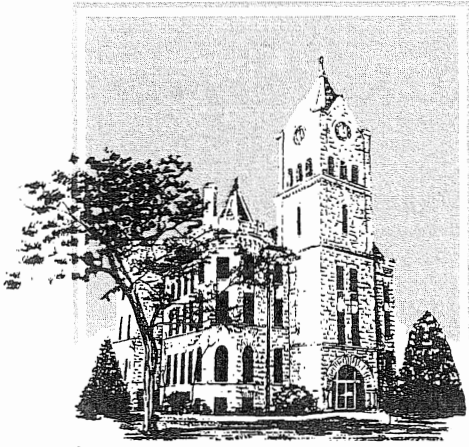
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INTRODUCTORY SECTION



McPHERSON COUNTY

July 29, 2015

To the Board of County Commissioners and Citizens of McPherson County, Kansas:

The Comprehensive Annual Financial Report of McPherson County, Kansas (County) for the fiscal year ended December 31, 2014, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

State statutes require an annual audit by independent Certified Public Accountants. The Board of County Commission selected the accounting firm of George, Bowerman & Noel, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of McPherson County for the fiscal year ended December 31, 2014, are free of material misstatement. The independent auditor's report is presented as the first component of the Financial Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

McPherson County is located in the central part of the state with a land area of 900 square miles and a population of 29,569. The governing body is the Board of County Commissioners (BOCC), elected by district to four-year terms. Other elected officials include the County Attorney, Clerk, Register of Deeds, Sheriff and Treasurer, all elected to four-year terms.

The government provides a full range of services consisting of public safety; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events; health services; educational activities; economic development services; and noxious weed and soil conservation control activities. The financial reporting entity (the government) includes all funds of the primary government (i.e., McPherson County, Kansas as legally

defined), as well as all of its component units. The County is financially accountable for the McPherson County Extension Council, which is reported as a discretely presented component unit. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government.

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Commissioners. Activities of the General Fund, certain Special Revenue Funds and Debt Service Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the department expenditure level. Department heads are authorized to transfer funds between line items within the limits established by the County Board of Commissioners. Management monitors expenditures by function, activity, and object levels within the various funds of the County. The County also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Financial policies. With over 300 miles of hard surfaced county roads the annual increased cost of asphalt oils and aggregates continues to require a larger percentage of the public works budget. This requires an ongoing review of the entire surfacing program to determine methods to maintain the road surface and extend the useful life of each application. The County has made a commitment to maintain quality roads and bridges so as to prevent major repairs that will cost substantially more in future years.

The County continues to experience increased costs associated with public safety. In 2014, the County added one E-911 employee as quality control/training instructor and in 2015 three deputies to the Sheriff's Department and three personnel for the E-911 dispatch center.

Local economy. McPherson County continues to progress as one of the most industrialized small communities in the State with no fewer than sixty industries of which 21 industries have over 50 employees. Hospira (recently purchased by Pfizer), a pharmaceutical products manufacturer, continues to increase employment, National Cooperative Refinery Association (NCRA), Mid-Kansas Coop and PrairieLand Partners (John Deere Dealership) have all increased employment as well as built new or expanded existing facilities. The County has an average civilian labor workforce of approximately 16,985, compared to 16,954 for 2013, according to the Kansas Department of Human Resources, Labor Market Information Services. With reductions in staffing at the Kansas Department of Labor, the County cannot compare

employment numbers from year-to-year for related manufacturing jobs as compared to other counties within the state.

The County's 2014 average unemployment rate was 3.2 percent as compared to the statewide average rate of 4.5 percent and the national average of 6.1 percent. Based on the current employment projections of local businesses and industries, the unemployment rate should continue to remain well below the state and national unemployment rate. A major capital investment project, a new Coker unit, by NCRA began in 2013 resulting in additional local and contract employment and should be completed by mid-2015. In June of 2014 Mid-Kansas Coop (agricultural cooperative) completed a storage handling facility for a unit train system to more efficiently transport agricultural products to final destination shipping locations with plans to expand that facility in 2016. Viega, polyethylene (PEX) fittings manufacturer, is currently building an additional manufacturing facility for stainless press fittings that will employ an additional 50 employees. The increase in County sales tax revenues are a direct result of these and other ongoing construction projects in the County.

The County's Sub-Title D landfill was completed in 2014. Prior to completion of the landfill, County household waste was being disposed of in two out-of-county landfills. Decreased costs should be realized due to lower transportation costs and disposal fees charged than at the out-of-county landfill sites. The site has disposal capacity exceeding 100 years based on current volumes of household waste.

Long-term financial planning.

The State of Kansas Department of Transportation approved an additional interstate interchange for McPherson County to be located one mile north of McPherson City. The County and City will participate in funding the costs to reconstruct and hard service approximately one and one-half miles of unimproved roads. In 2014, the County completed the purchase of road right-of-way and the relocation of public utilities for the project. It is the intent of the Board of County Commissioners to fund the County's share of the project from the capital improvement reserve fund and not issue debt for this infrastructure improvement. The State is on schedule to let bids for the project in late 2015 with construction starting in 2016.

In 1999, the County purchased a building located across the street from the Courthouse from Bank of America. The building was leased for 16 years and as of July 1, 2015 the majority of the bank is not occupied. The building was purchased with the intent of moving county administrative offices to the building and moving all court related activities to the courthouse. The Board of County Commissioners is reviewing options for utilization of this space by county departments. As the Board's policy has been in the past, they are reserving funds to pay for any improvements versus debt financing.

Internal Control. Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of McPherson County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance

recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

General Fund Balance – Unassigned. The unassigned fund balance reported in the General Fund was \$758,950 and provides the County with a balance that is the equivalent of 35 calendar days based on 2014 expenditures as compared to 43 days balance for 2013.

Debt Administration. At December 31, 2014, the County had outstanding general obligation refunding and improvement bonds totaling \$6,325,000. Debt service payments for this issue are paid by the McPherson Area Solid Waste Utility from their fees and special assessments. The County received an Aa3 rating on this issuance by Moody's Financial Services. As per K.S.A. 19-2659, debt issued by a County for solid waste improvements and equipment is not subject to the County's legal debt margin for 2014 of \$11,819,529. The net bonded debt per capita for the general obligation issue is \$213.65, a decrease of \$24.51 per capita from December 31, 2013.

AWARDS AND ACKNOWLEDGEMENTS

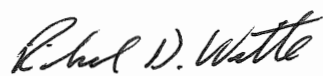
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McPherson County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013. This was the twenty-sixth consecutive year (since fiscal year ended 1988) that McPherson County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the staff of the Administrator/Financial Manager's office and other county departments for the historical and current information for the statistical section of the CAFR. Each member of these departments has my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of McPherson County, preparation of this report would not have been achieved.

Sincerely,



Richard D. Witte
County Administrator/Financial Manager



Government Finance Officers Association

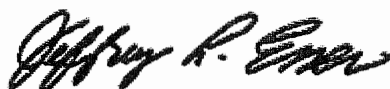
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**McPherson County
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

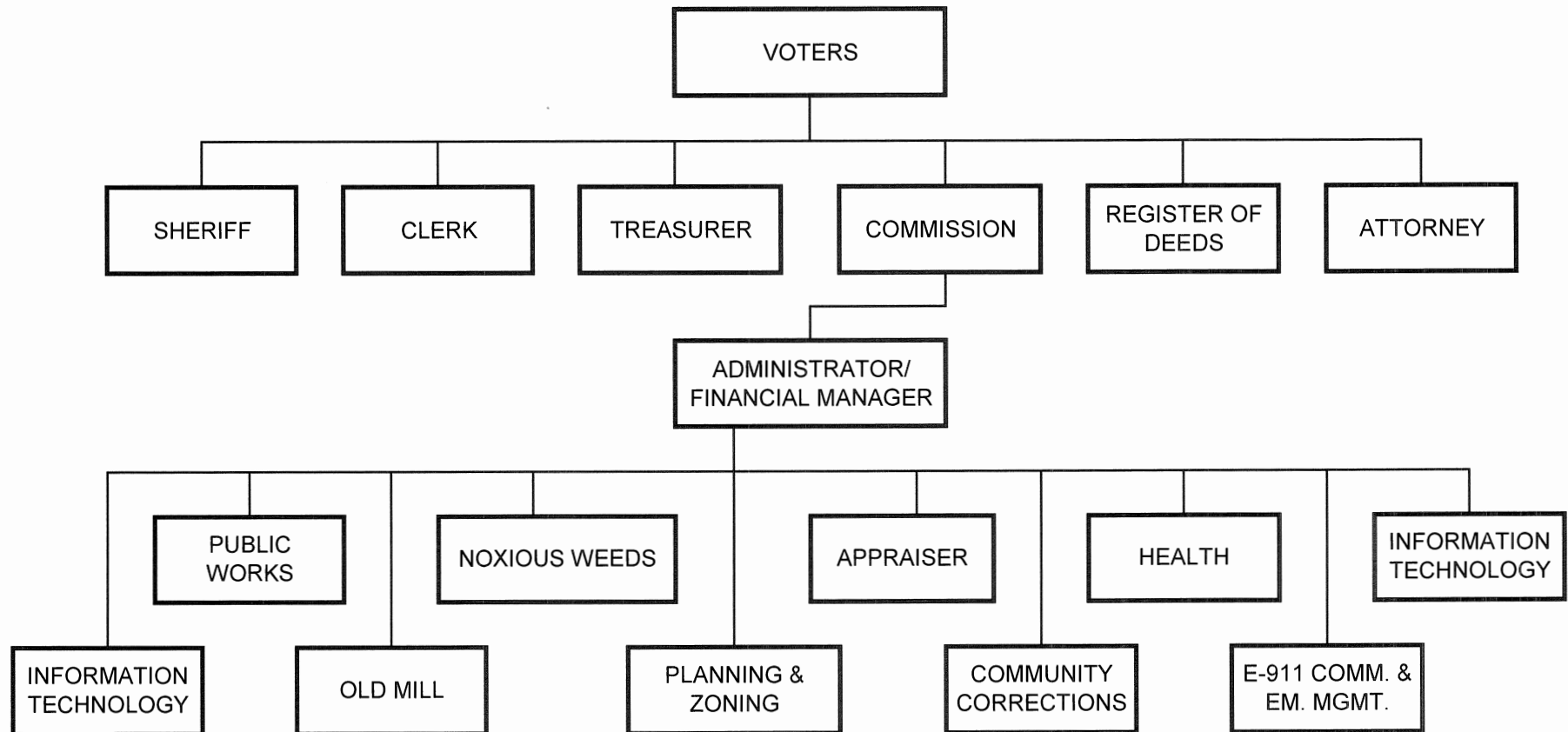


Executive Director/CEO

MCPHERSON COUNTY
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2014

<u>Title</u>	<u>Name</u>
County Commissioner	Linus Linaweaver
County Commissioner	Duane Patrick
County Commissioner	Ron Loomis
County Attorney	David Page
County Clerk	Cathy Schmidt
County Register of Deeds	Laurie Wiziarde
County Sheriff	Larry G. Powell
County Treasurer	Brenda S. Becker
County Administrator/Financial Manager	Richard Witte
County Appraiser	Dianna Carter
Community Corrections Director	Janet Cagle
Health Administrator	Fern Hess
E-911/ Em. Mgmt. Director	Darren Frazier
Information Technology Coordinator	Jeff Butler
Noxious Weed Director	Daniel D. Schrag
Old Mill Museum and Parks Director	Lorna M. Nelson
Public Works Director	Tom Kramer
Planning and Zoning Director	John Verssue

McPHERSON COUNTY
Organization Chart
McPherson County, Kansas
December 31, 2014



FINANCIAL SECTION

George, Bowerman & Noel, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

Paul R. Bowerman
Gary L. George

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
McPherson County, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of McPherson County, Kansas (County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of McPherson County, Kansas, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Public Works Fund, Employee Benefits Fund and Special Landfill Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and

schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

George, Bowerman & Noel, P.A.

Wichita, Kansas
July 22, 2015

McPherson County, Kansas Management's Discussion and Analysis

This discussion and analysis of McPherson County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2014. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of McPherson County exceeded its liabilities at the close of the most recent fiscal year by \$55,369,548 (net position). This is an increase of .62% compared to the 2013 net position. Of this amount, \$9,136,020 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Governmental fund balances decreased \$1,581,231 or 11.8% to \$12,687,906 in 2014. The majority of the decrease is attributed to the Solid Waste Project Fund due to construction costs of the new Sub-Title D landfill.
- The County levied \$248,941 more in property taxes in 2014 compared to 2013 with the majority of the increase attributed to personnel costs.
- The estimated long-term liability for OPEB other than pensions increased 17% to \$640,466 compared to \$547,030 in 2013.
- In 2014 sales and compensating use tax increased \$189,791 or 9.1% to \$2,275,647 compared to 2013 taxes of \$2,085,856.
- Roads and bridges improvements accounted for 81% of new capital assets in the amount of \$3,711,958.
- The General Fund unassigned fund balance was \$758,950 at year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the County's assets and liabilities, with the difference reported as net position for a given point in time (December 31, 2014). Over time, increases or decreases in net position can be monitored to determine whether the County's financial position is improving or deteriorating.

The statement of activities presents information showing how the net position has changed during the fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off leave).

The government-wide financial statements include not only the County, but also the McPherson County Extension Council, a discretely presented component unit, which is a legally separate entity that the Board of County Commissioners levy property taxes for and also approves their annual operating budget.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

McPherson County maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Public Works Fund, Employee Benefits Fund, Special Landfill Fund and Solid Waste Project Fund, all of which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget as a management control device for its general, certain special revenue funds and the debt service fund. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds — The County maintains one proprietary fund, which is the internal service fund (Employee Benefit Plan Fund) used to account for the County's self-insured health insurance plan. In the government-wide statements, the information for the internal service fund is presented as part of the governmental activities information.

Fiduciary funds — Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the County is prohibited from using fiduciary

assets to finance its operations. The fiduciary funds are combined into one column on the fiduciary funds statement since the County only reports agency funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with nonmajor governmental funds, fiduciary funds and actual and budget comparisons for individual funds which require legal budgets. This information is presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$55,369,548 as of December 31, 2014 as compared to \$55,028,042 in 2013.

Of the County's total assets of \$74,352,863 the largest components are: 1) Cash and investments of \$12,989,941 or 17%; 2) receivables, which largely represent unearned tax revenue for FY2015, of \$13,153,803 or 18%; and 3) capital assets net of accumulated depreciation of \$47,917,923 or 64%. Capital assets are used to provide services to citizens; consequently, these capital assets are not available for future spending. The largest component of \$8,300,273 in total liabilities is long-term debt of \$7,751,976 or 93%.

The County's net position increased \$341,506 the current fiscal year. The County's net position for fiscal year ended December 31, 2014 (with comparative amounts for December 31, 2013) are summarized as follows:

McPherson County's Net Position

	Governmental Activities	
	2014	2013
Current and other assets	\$ 26,434,940	\$ 28,599,753
Capital assets (net of depreciation)	<u>47,917,923</u>	<u>46,838,886</u>
Total assets	<u>74,352,863</u>	<u>75,438,639</u>
Current and other liabilities	548,297	1,560,511
Long-term liabilities	<u>7,751,976</u>	<u>8,381,692</u>
Total Liabilities	<u>8,300,273</u>	<u>9,942,203</u>

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Deferred inflows of resources:		
Property taxes receivable	<u>\$ 10,683,042</u>	<u>\$ 10,468,394</u>
Net position:		
Invested in capital assets, net	42,070,257	42,966,441
Restricted	4,163,271	3,407,955
Unrestricted	<u>9,136,020</u>	<u>8,653,646</u>
Total net position	<u>\$ 55,369,548</u>	<u>\$ 55,028,042</u>

A large portion of the County's net position (76 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Approximately 16.5% or \$9,136,020 of the County's net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. \$4,163,271 of the County's committed net position represents capital project fund types and the debt service fund. The capital project funds are subject to Board of County Commission approval on how they may be used.

Governmental activities increased the County's net position by \$341,506. The key elements of this change are as follows:

Total governmental activity revenues increased by \$977,338 or approximately 4.5%, for 2014 with charges for services comprising a decrease of \$100,529; operating grants and contributions comprising an increase of \$647,141; and capital grants and contributions decreasing \$121,084. Major increases in 2014 were a \$260,000 reimbursement from the State of Kansas for road improvements; \$42,509 for insurance reimbursement for weather damage, \$41,977 for FEMA reimbursement to Public Works; \$59,626 in additional motor vehicle fees; \$21,150 in assessment fees charged by the CDDO; and \$31,276 in insurance safety dividends. The major decreases in charges for services include \$250,000 less in charges from industry for road improvements; \$73,058 less in Register of Deeds mortgage and recording fees due to less filings and state changes to mortgage registration fees; \$19,103 less revenues from the Old Mill Museum and Parks, \$9,380 in County Attorney diversion fees and \$4,258 in Sheriff's fees for concealed weapon registrations.

Operating grants largest increase was the additional payments of \$510,239 from MASWU for their debt service payment; \$121,814 in HOME grant revenues; \$34,099 from the State for the Oil & Gas Depletion Trust fund; \$30,029 increase in motor fuels tax receipts; \$36,413 increase in community corrections grants; and \$4,366 in additional grant funds for the CDDO. The major decreases in operating grants were \$84,195 in public works and a \$29,244 decrease in Infant Development grants.

Capital grants and contributions were \$121,084 less due to a large donation in 2013 for the E911 center with a smaller amount donated in 2014 and a decrease in the sale of surplus property as compared to the previous year by \$38,478.

Property taxes increased \$365,325 for anticipated personnel costs in the general fund for six additional personnel in the dispatch center and the sheriff's department. Sales taxes also increased \$189,791 or 9% compared to 2013. Sales taxes continue to increase with the positive growth in the local economy due to construction and the temporary labor force. Interest earnings increased \$1,819 due to additional idle dollars for investment.

Total government activity expenses decreased \$128,534 in 2014, or approximately .57% compared to 2013 expenses. The majority of the increase in expenses was \$479,850 in general government for personnel and fringe benefits; highways and streets increased \$73,647 or 1.34% for the year; health and sanitation increased \$77,681 or 3.57% and interest on long-term debt increased \$105,287 for payments on the solid waste landfill debt. The majority of the decrease in expenses was \$829,569 less for expenses related to the landfill project that was substantially complete in 2013; and \$31,013 and \$4,417 for public safety and culture and recreation respectively.

Key elements of the current year's increase in net assets and changes relative to the prior year are as follows:

McPherson County's Changes in Net Position
Year Ended December 31, 2014

(With Comparative Amounts for the Year-Ended December 31, 2013)

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,122,769	\$ 4,223,298
Operating grants and contributions	4,200,736	3,553,595
Capital grants and contributions	80,432	201,516
General revenues:		
Property taxes levied for:		
General purposes	12,059,605	10,694,280
Sales taxes	2,275,647	2,085,856
Grants and entitlements not restricted to	21,810	26,935
Specific programs		
Investment earnings	<u>14,884</u>	<u>13,065</u>
Total revenues	<u>22,775,883</u>	<u>21,798,545</u>
Expenses:		
General government	3,502,080	3,022,230
Public safety	6,753,361	6,784,374
Highways and streets	5,532,487	5,458,840
Health and sanitation	2,252,536	2,174,855
Culture and recreation	301,547	305,964
Environmental protection	3,912,184	4,741,753

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Interest on long-term debt	\$ 180,182	\$ 74,895
Total expenses	<u>22,434,377</u>	<u>22,562,911</u>
Change in net position	341,506	(764,366)
Net position beginning of year	<u>55,028,042</u>	<u>55,792,408</u>
Net position end of year	<u>\$ 55,369,548</u>	<u>\$ 55,028,042</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The general government functions are reported in the General, Special Revenue, Capital Project and Debt Service Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,687,906, a decrease of \$1,581,231 in comparison with the prior year. The unassigned balance of \$758,950 or 6% is available for spending at the County's discretion. The remainder of fund balance is not available for new spending because it has already been restricted, committed, assigned or is inventory for public works aggregates.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year 27% or \$758,950 of the General fund balance was unassigned with the balance of \$1,049,749 committed for self-insurance claims and \$976,329 assigned for funding the 2015 budget. As a measure of the General Fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.5% of total fund expenditures for 2014, while total fund balance represents 35% of total fund expenditures for 2014.

The General Fund balance increased 24% or \$541,616 during the 2014 fiscal year to \$2,785,028. The largest revenue increase was \$706,912 or 12% for property and sales tax revenues. There were several capital projects for the Courthouse completed in 2014 and personnel costs are the major expenditure within the General Fund.

The Public Works Fund balance increased \$244,959 in 2014 for an ending fund balance of \$1,492,187. The fund balance increase was the result of additional funds from townships to pay for road improvements on Iron Horse Road and Maxwell Street. The ending balance will be used to fund a portion of the 2015 budget including the reconstruction and hard surfacing

of 16th Avenue to the new state interchange. Public works completed 9 new bridges and over 130 miles of surface maintenance work.

The Employee Benefits Fund balance decreased \$67,823 to \$480,594. The balance represents 21% of the \$2,337,159 in expenditures for 2014. Taxes are primarily the only source of revenue for the fund and the largest expenditure of approximately 50% is for health insurance premiums and they were \$249,810 less than budgeted. With the exception of health insurance, all the benefits paid are a percentage of wages and as employees retire and new employees are hired there will be minor changes in those expenditures.

The Special Landfill Fund balance increased \$22,119 to \$242,604. Special assessments fund the Landfill Fund and depending on the actual charges to residences, businesses and industries, the ending account balance can fluctuate at year-end. In 2014, total expenditures for the fund were \$1,630,000.

The Solid Waste Project Fund was established in 2013 to account for the resources and expenditures for the construction of a new Sub-Title D landfill. During 2014 additional improvements in the amount of \$1,998,699 were made to the landfill. The fund balance of \$635,978 at year-end is restricted for landfill improvements. The Sub-Title D landfill improvements were completed for 2015.

Proprietary Fund. The County's only internal service fund, the Employee Benefit Plan Fund had an ending net position balance of \$869,285. This was a \$250,172 increase from the previous year net position balance of \$619,113. The ending net position balance represents 57% of the annual expenditures of \$1,529,053 for 2014. The increase in the ending net position balance was due to a 13.7% decrease in claims and administrative expenses when compared to 2013 expenditures. The fund balance can be used to fund future premium increases or other health related expenses authorized by the governing body. The County had a 6% increase in premiums in 2015.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the Basic Financial Statements for the General Fund and all major special revenue funds. Budget and actual comparison schedules are also provided in the Combining and Individual Fund Statements and Schedules section for all nonmajor funds with annually appropriated budgets. The budget and actual comparison schedules show the original adopted budgets, the final amended budget, actual results, and variance between the final budget and actual results. The General Fund budget was not amended in 2014.

The FY2014 budget was adopted on August 19, 2013 with total General Fund expenditures of \$7,808,432; a decrease of \$1,334 or .02% in expenditures from the FY2013 budget. Actual 2014 revenues were 13.3% or \$997,270 more than budgeted. The major differences between budget and actual revenues are as follows:

- Taxes were \$478,451 higher than budgeted. Major differences included: local sales taxes exceeded budget estimates by \$283,123. The County budgeted for a small increase in sales taxes; however, actual sales tax revenues increased 9% from 2013 to

2014. The County budgets for a 2% ad valorem tax delinquency (5% is allowed by the State) and the actual delinquency rate for 2014 after considering added and abated taxes was actually 99.4% collection, resulting in \$53,918 additional taxes over the budgeted amount. Motor vehicle tax revenues were \$16,360 higher than budgeted.

- Intergovernmental revenues were \$125,161 more than budgeted. \$121,814 of the increase was from the HOME grant that was not budgeted, as the program was to be completed in 2013 and was not completed until 2014.
- Charges for services revenues were \$17,796 more than budgeted, with no one item accounting for the majority of the increase.
- Licenses, fees and permits revenues were \$114,114 or 23% more than budgeted. \$42,526 of the additional revenue was mortgage registration and recording fees. The state made major changes to the mortgage registration fee schedule and it will take several years to more accurately estimate this revenue source. Planning and zoning permits were \$5,920 over the budgeted amount. The balance was a combination of all the other revenue sources.
- Use of money and property was \$104,997 or 103% more than budgeted. When the 2014 budget was prepared the major tenant in the bank building gave notice not to renew the lease and the County had no potential tenants at that time. However, another tenant did lease the facility for one year.
- Other revenues were \$143,242 above budget with the majority of the increase due to charitable donation of \$75,000 for E-911 that was not budgeted in 2014.

Actual expenditures in the General Fund were .7% or \$55,433 less than the budgeted expenditures of \$8,048,980; after adjustments for unbudgeted additional state grants, reimbursed insurance proceeds and donation. The major differences between budget and actual expenditures are as follows:

- Planning and Zoning expenditures were \$16,506 less than budgeted due to the delay in hiring an additional employee for the department.
- Unified courts expenditures were \$14,448 less than budgeted because several capital items were purchased at the end of 2013 instead of 2014.
- Emergency management expenditures were \$18,563 less, as there were no salaries charged to the department in 2014, it was combined with E911 with only one director.
- Emergency communications expenditures were \$114,456 more than budgeted due to one additional staff person for quality control and training and the related expenditures for the \$75,000 donation to the department.
- Law enforcement expenditures of the Jail and Sheriff's department had net expenditures of \$18,999 over budget. This was due to overtime and capital equipment needs for the deputies and the facility.
- County attorney expenditures were \$19,534 more than budgeted to employ a part-time employee due to increased work demands and expenditures paid by the county attorney's department for technology in the courtrooms.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities for 2014 increased \$1,079,037 (net of depreciation) for a total investment in capital assets as of

December 31, 2014 of \$47,917,923 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment and construction work in progress. Major capital asset events during the current fiscal year included the following:

- Reconstruction of Iron Horse Road and South Maxwell Street at a cost of \$828,523; four bridge deck rehabilitation for \$245,206; 7.5 miles of asphalt overlay for \$988,498; 47 miles of chip seal and 114 miles of crack sealing and patching at a cost of \$558,591.
- Courthouse improvements for a new chiller and generator at a cost of \$97,686.
- Court Services vehicle, Sheriff's vehicles and public works equipment for a total cost of \$184,658.
- E911 software and Data Processing equipment totaling \$172,150.

McPherson County's Capital Assets
(net of depreciation)
December 31, 2014
(With Comparative Amounts at December 31, 2013)

	<u>Government Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 1,795,764	\$ 1,795,764
Intangibles	614,107	573,494
Construction work in process	355,240	14,819
Buildings	3,367,275	3,493,780
Improvements other than buildings	1,885,413	1,766,688
Infrastructure	38,709,705	38,065,302
Machinery and equipment	<u>1,190,419</u>	<u>1,129,039</u>
Total	<u>\$ 47,917,923</u>	<u>\$ 46,838,886</u>

Additional information on the County's capital asset activity can be found at Note 3 to the financial statements.

Long-term debt. At December 31, 2014, the County had \$6,325,000 in outstanding general obligation bonds. The outstanding debt issued by McPherson County is for the McPherson Area Solid Waste Utility (MASWU). The debt issue in 2013 refunded existing debt of \$1,920,000 and provided additional proceeds for the construction a new Sub-Title D landfill for the County. This is a 20 year issue with maturity in 2033. The County received an Aa3 rating from Moody's Investors Service on this issue. Under current State statutes (K.S.A. 19-2659), the County's general obligation bonded debt for the MASWU is not subject to the County's legal debt limitation. The County's legal debt limitation is three percent of total assessed value of real and personal property and was \$11,819,529 at December 31, 2014. As of December 31, 2014, the County had net general obligation bonded debt of \$6,317,282 (\$6,325,000 less \$7,718 available in the Debt Service Fund). Additional information on the County's long-term debt activity can be found at Note 4 to the financial statements and additional information on the MASWU can be found in Notes 8 and 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Industrial revenue bonds and economic tax incentives granted to industries in previous years continue to expire, over the next nine years, following the maximum ten-year exemption. This previously exempt property is now being placed on the tax rolls and generating tax revenues for the County and other taxing entities. The economy for the area has continued to improve due to manufacturing expansions and new facilities being built. The temporary work force that began in 2013 is expected to continue until the fall of 2015. All of the manufacturing expansions will require the hiring additional full-time employees. The local retail economy has increased as evidenced by the 9% increase in local sales tax revenues. The limited housing continues to be an issue for those industries wanting to expand their employment numbers as well as for those workers seeking employment in the County; however, in 2015 there are several multi-housing developments being built with estimated completion dates in 2015. Housing continues to steadily increase in value as evidenced by the stability of the County's assessed valuation for real estate.

Through the budget, the Board of County Commissioners (Board) set the direction of the County, allocates its resources and establishes its priorities. The County budget process begins in April when department budgets are prepared and presented in May and June with adoption of the budget in August. In considering the County budget for FY 2015, the Board and management considered the following factors:

- The local economy is growing with industry expansions and increased employment in several sectors with unemployment below the state and national average; housing values continue to increase with an average 3% increase from 2013 to 2014.
- Sales tax revenues are above 2014 monthly receipts and should continue as a result of several major construction projects.
- Evaluate revenue sources that the County can control, i.e. fees for services, permits and licenses. The County is reviewing all fees and charges for services and additional revenues are projected from these revenue sources.
- The largest negative impact on the budget is the additional funding estimated for increased costs for asphalt oils and aggregates for the public works department and additional costs related to public safety.
- The unrestricted fund balances allowed the Board to fund programs based on projected revenues and if revenues should fall short of estimates reserve funds could be used to fund capital projects budgeted in individual department budgets. The reserve accounts should only be used for planned major improvements or unforeseen emergency needs.
- County departments, programs and service agencies were funded at a level equal to or greater than 2014 actual expenditures. The boards considered several requests to fund new programs, some of those were funded in the 2015 budget.
- The Board authorized a 3% COLA for all employees in December 2014 with intent to fund a 2% COLA in 2015. The County has a Grade/Step salary scale; therefore, many employees will receive salary adjustments as allowed in the County's Personnel Policy Pay Plan.

- The County continues to plan and finance capital equipment and infrastructure improvements on a “pay-as-you-go” basis and only uses debt financing for major projects with long-term benefits to the residents of the County.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Administrator, P.O. Box 646, McPherson, KS 67460.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government Governmental Activities	Component Unit
<u>ASSETS</u>		
Cash and investments	\$ 12,989,941	\$ 143,516
Receivables:		
Property taxes	10,683,042	—
Special assessment taxes	1,666,515	—
Sales taxes	179,350	—
Trade accounts, net	33,587	—
Lease rentals	63,600	—
Accrued interest	3,000	—
Due from other governmental units	524,709	—
Prepaid items	56,843	—
Inventories, at cost	234,353	—
Capital assets:		
Land	1,795,764	—
Buildings	7,449,629	—
Improvements other than buildings	4,661,233	—
Infrastructure	82,784,659	—
Machinery and equipment	11,768,083	86,224
Intangibles	614,107	—
Construction work in process	355,240	—
Less accumulated depreciation	(61,510,792)	(78,799)
Total assets	<u>74,352,863</u>	<u>150,941</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>		
Liabilities:		
Accounts payable	161,968	34,670
Accrued payroll payable	245,781	—
Accrued interest payable	76,948	—
Unearned revenue	63,600	—
Noncurrent liabilities:		
Due within one year	1,329,189	10,344
Due in more than one year	<u>6,422,787</u>	<u>22,577</u>
Total liabilities	<u>8,300,273</u>	<u>67,591</u>
Deferred inflows of resources:		
Property taxes receivable	<u>10,683,042</u>	<u>—</u>
<u>NET POSITION</u>		
Investment in capital assets, net	42,070,257	7,425
Restricted for:		
General government	125,962	—
Public works operations	234,353	—
Employee benefits	480,594	—
Technology improvements	129,880	—
Public safety – equipment	759,723	—
Health programs	385,324	—
Environmental protection – landfill	1,994,681	—
Culture and recreation	45,036	—
Debt service	7,718	—
Unrestricted	<u>9,136,020</u>	<u>75,925</u>
Total net position	<u>\$ 55,369,548</u>	<u>\$ 83,350</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Governmental Activities:						
General government	\$ 3,502,080	\$ 1,230,797	\$ 45,752	\$ —	\$ (2,225,531)	\$ —
Public safety	6,753,361	492,423	1,617,919	79,662	(4,563,357)	—
Highways and streets	5,532,487	312,879	879,457	770	(4,339,381)	—
Health and sanitation	2,252,536	292,931	781,312	—	(1,178,293)	—
Culture and recreation	301,547	31,804	1,361	—	(268,382)	—
Environmental protection	3,912,184	1,761,935	—	—	(2,150,249)	—
Interest on long-term debt	<u>180,182</u>	<u>—</u>	<u>874,935</u>	<u>—</u>	<u>694,753</u>	<u>—</u>
Total Governmental Activities	<u>\$22,434,377</u>	<u>\$ 4,122,769</u>	<u>\$ 4,200,736</u>	<u>\$ 80,432</u>	<u>(14,030,440)</u>	<u>—</u>
Component Unit:						
McPherson County Extension Council	<u>\$ 363,122</u>	<u>\$ —</u>	<u>\$ 85,518</u>	<u>\$ —</u>	<u>—</u>	<u>(277,604)</u>
General Revenues:						
Property taxes levied for:						
General purposes					12,059,605	—
Sales taxes					2,275,647	—
Payment from McPherson County					—	269,500
Grants and entitlements not restricted to specific programs					21,810	—
Investment earnings					<u>14,884</u>	<u>50</u>
Total general revenues					<u>14,371,946</u>	<u>269,550</u>
Change in net position					341,506	(8,054)
Net position at beginning of year					<u>55,028,042</u>	<u>91,404</u>
Net position at end of year					<u>\$ 55,369,548</u>	<u>\$ 83,350</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

McPHERSON COUNTY, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2014

	<u>General</u>	<u>Public Works</u>	<u>Employee Benefits</u>	<u>Special Landfill</u>	<u>Solid Waste Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash and short-term investments	\$ 2,375,046	\$ 1,302,340	\$ 480,594	\$ 242,604	\$ 635,978	\$ 7,032,018	\$ 12,068,580
Receivables:							
Trade accounts	-	-	-	-	-	33,587	33,587
Property taxes	3,528,975	4,392,420	2,336,858	1,666,515	-	424,789	12,349,557
Sales tax	179,350	-	-	-	-	-	179,350
Due from other governments	377,246	25,718	-	-	-	121,745	524,709
Lease rentals	63,600	-	-	-	-	-	63,600
Accrued interest receivable	3,000	-	-	-	-	-	3,000
Inventories, at cost	-	234,353	-	-	-	-	234,353
Total assets	<u>\$ 6,527,217</u>	<u>\$ 5,954,831</u>	<u>\$ 2,817,452</u>	<u>\$ 1,909,119</u>	<u>\$ 635,978</u>	<u>\$ 7,612,139</u>	<u>\$ 25,456,736</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>							
Liabilities:							
Salaries and wages payable	\$ 136,872	\$ 48,074	\$ -	\$ -	\$ -	\$ 60,835	\$ 245,781
Accounts payable	12,742	22,150	-	-	-	75,000	109,892
Unearned lease rentals	63,600	-	-	-	-	-	63,600
Total liabilities	<u>213,214</u>	<u>70,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,835</u>	<u>419,273</u>
Deferred inflows of resources:							
Property taxes receivable	<u>3,528,975</u>	<u>4,392,420</u>	<u>2,336,858</u>	<u>1,666,515</u>	<u>-</u>	<u>424,789</u>	<u>12,349,557</u>
Fund balances:							
Nonspendable:							
Inventories	-	234,353	-	-	-	-	234,353
Restricted:							
Employee benefits	-	-	480,594	-	-	-	480,594
Technology	-	-	-	-	-	129,880	129,880
Public safety – 911 equipment	-	-	-	-	-	427,705	427,705
Public safety services	-	-	-	-	-	332,018	332,018
Health and welfare	-	-	-	-	-	385,324	385,324
Environmental protection – landfill development and operations	-	-	-	242,604	635,978	85,562	964,144
Culture and recreation	-	-	-	-	-	45,036	45,036
Debt service	-	-	-	-	-	7,718	7,718
Other purposes	-	-	-	-	-	125,962	125,962
Committed:							
Self insurance claims	1,049,749	-	-	-	-	-	1,049,749
Highway improvements	-	2,400	-	-	-	2,906,881	2,909,281
Capital improvements	-	-	-	-	-	1,305,430	1,305,430
Environmental protection – remediation and equipment	-	-	-	-	-	1,299,999	1,299,999
Assigned:							
General government	976,329	-	-	-	-	-	976,329
Public works	-	1,255,434	-	-	-	-	1,255,434
Unassigned	<u>758,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>758,950</u>
Total fund balances	<u>2,785,028</u>	<u>1,492,187</u>	<u>480,594</u>	<u>242,604</u>	<u>635,978</u>	<u>7,051,515</u>	<u>12,687,906</u>
Total liabilities and fund balances	<u>\$ 6,527,217</u>	<u>\$ 5,954,831</u>	<u>\$ 2,817,452</u>	<u>\$ 1,909,119</u>	<u>\$ 635,978</u>	<u>\$ 7,612,139</u>	<u>\$ 25,456,736</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2014

Total Governmental Fund Balances \$ 12,687,906

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated
depreciation):

Cost	\$109,428,715	
Accumulated depreciation	<u>(61,510,792)</u>	47,917,923

Other assets not available to pay for current period
expenditures and therefore are not reported in
the governmental funds:

Special assessments receivable	1,666,515
Prepaid expenses	56,843

Internal Service Funds are used by management
to charge the costs of health insurance benefits
to individuals funds. Certain assets and liabilities
of the internal service fund are included in
governmental activities in the Statement of
Net Position

869,285

Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

Accrued interest payable on general obligation bonds	76,948	
Compensated absences payable	627,866	
Other postemployment benefits other than pensions	640,466	
General obligation bonds payable	6,325,000	
Unamortized premium on general obligation bonds payable	<u>158,644</u>	<u>(7,828,924)</u>

Net Position of Governmental Activities \$ 55,369,548

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2014

	<u>General</u>	<u>Public Works</u>	<u>Employee Benefits</u>	<u>Special Landfill</u>	<u>Solid Waste Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	\$ 6,617,236	\$ 5,057,431	\$ 2,204,530	\$ 1,652,119	\$ –	\$ 652,055	\$16,183,371
Intergovernmental	779,255	879,457	–	–	–	2,380,509	4,039,221
Licenses and permits	606,114	–	–	–	–	300,918	907,032
Charges for services	117,116	32	–	–	–	758,184	875,332
Use of money and property	205,997	770	–	–	–	75	206,842
Miscellaneous	<u>166,192</u>	<u>312,847</u>	<u>64,806</u>	<u>–</u>	<u>–</u>	<u>5,495</u>	<u>549,340</u>
Total revenues	<u>8,491,910</u>	<u>6,250,537</u>	<u>2,269,336</u>	<u>1,652,119</u>	<u>–</u>	<u>4,097,236</u>	<u>22,761,138</u>
Expenditures:							
Current:							
General government	2,537,265	–	497,581	–	–	359,279	3,394,125
Public safety	4,101,485	–	1,074,392	–	–	1,651,149	6,827,026
Highways and streets	–	6,005,578	487,765	–	–	–	6,493,343
Health and welfare	1,044,090	–	206,138	–	–	1,001,207	2,251,435
Culture and recreation	250,298	–	40,900	–	–	–	291,198
Environmental protection	30,665	–	30,383	1,630,000	–	222,448	1,913,496
Capital outlay	–	–	–	–	1,998,699	298,112	2,296,811
Debt Service	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>874,935</u>	<u>874,935</u>
Total expenditures	<u>7,963,803</u>	<u>6,005,578</u>	<u>2,337,159</u>	<u>1,630,000</u>	<u>1,998,699</u>	<u>4,407,130</u>	<u>24,342,369</u>
Revenues over (under) expenditures	<u>528,107</u>	<u>244,959</u>	<u>(67,823)</u>	<u>22,119</u>	<u>(1,998,699)</u>	<u>(309,894)</u>	<u>(1,581,231)</u>
Other financing sources (uses):							
Transfers in	13,509	–	–	–	–	24,000	37,509
Transfers out	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(37,509)</u>	<u>(37,509)</u>
Total other financing sources (uses)	<u>13,509</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(13,509)</u>	<u>–</u>
Net change in fund balances	541,616	244,959	(67,823)	22,119	(1,998,699)	(323,403)	(1,581,231)
Fund balances, beginning of year	<u>2,243,412</u>	<u>1,247,228</u>	<u>548,417</u>	<u>220,485</u>	<u>2,634,677</u>	<u>7,374,918</u>	<u>14,269,137</u>
Fund balances, end of year	<u>\$ 2,785,028</u>	<u>\$ 1,492,187</u>	<u>\$ 480,594</u>	<u>\$ 242,604</u>	<u>\$ 635,978</u>	<u>\$7,051,515</u>	<u>\$12,687,906</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended December 31, 2014

Net Change in Fund Balances – Total Governmental Funds \$ (1,581,231)

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these
amounts are:

Capital outlay	\$ 4,958,289
Depreciation	<u>(3,879,252)</u>

Excess of capital outlays over depreciation expense	1,079,037
---	-----------

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	(54,817)
---	----------

In the statement of activities, other postemployment benefits other than pensions are measured by the amount due during the year instead of the amount paid.	(93,436)
--	----------

Premium on the sale of general obligation bonds provides current financial resources to governmental funds, but is amortized over the life of the bonds in the statement of activities	24,570
--	--------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
General obligation bond payment	725,000

Internal service funds are used by management to charge the cost of health insurance benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	250,172
--	---------

Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the special assessments are levied.	14,745
---	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:	
Prepaid items	3,884
Compensated absences payable	<u>(26,418)</u>

Total	<u>(22,534)</u>
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Change in Net Position of Governmental Activities	\$ <u>341,506</u>
---	-------------------

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued on next page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues and other sources:				
Taxes	\$ 6,136,262	\$ 6,136,262	\$ 6,614,713	\$ 478,451
Intergovernmental	654,094	654,094	779,255	125,161
Charges for services	99,320	99,320	117,116	17,796
Licenses, fees and permits	492,000	492,000	606,114	114,114
Use of money and property	101,000	101,000	205,997	104,997
Other	24,000	24,000	167,242	143,242
Transfers in	<u>—</u>	<u>—</u>	<u>13,509</u>	<u>13,509</u>
Total revenues and other sources	<u>7,506,676</u>	<u>7,506,676</u>	<u>8,503,946</u>	<u>997,270</u>
Expenditures, encumbrances and other uses:				
Commissioners:				
Personal services	70,500	70,500	71,660	(1,160)
Contractual services	10,000	10,000	6,199	3,801
Commodities	<u>500</u>	<u>500</u>	<u>697</u>	<u>(197)</u>
Total Commissioners Department	<u>81,000</u>	<u>81,000</u>	<u>78,556</u>	<u>2,444</u>
County Counselor:				
Personal services	31,560	31,560	31,320	240
Contractual services	<u>5,000</u>	<u>5,000</u>	<u>9,445</u>	<u>(4,445)</u>
Total County Counselor	<u>36,560</u>	<u>36,560</u>	<u>40,765</u>	<u>(4,205)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Administrator/Financial Manager:				
Personal services	\$ 217,750	\$ 217,750	\$ 208,221	\$ 9,529
Contractual services	9,000	9,000	5,948	3,052
Commodities	<u>5,000</u>	<u>5,000</u>	<u>4,307</u>	<u>693</u>
Total Administrator/ Financial Manager Department	<u>231,750</u>	<u>231,750</u>	<u>218,476</u>	<u>13,274</u>
Crestwood Cemetery:				
Contractual services	4,500	4,500	2,940	1,560
Commodities	<u>—</u>	<u>—</u>	<u>14</u>	<u>(14)</u>
Total Crestwood Cemetery	<u>4,500</u>	<u>4,500</u>	<u>2,954</u>	<u>1,546</u>
Data Processing:				
Personal services	85,000	85,000	82,990	2,010
Contractual services	73,194	73,194	62,886	10,308
Commodities	3,400	3,400	3,512	(112)
Capital outlay	<u>44,300</u>	<u>44,300</u>	<u>41,850</u>	<u>2,450</u>
Total Data Processing Department	<u>205,894</u>	<u>205,894</u>	<u>191,238</u>	<u>14,656</u>
County Clerk:				
Personal services	138,920	138,920	142,542	(3,622)
Contractual services	6,409	6,409	4,917	1,492
Commodities	1,250	1,250	1,045	205
Capital outlay	<u>—</u>	<u>—</u>	<u>1,205</u>	<u>(1,205)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total County Clerk's Department	\$ 146,579	\$ 146,579	\$ 149,709	\$ (3,130)
County Treasurer:				
Personal services	134,815	134,815	137,404	(2,589)
Contractual services	30,000	30,000	23,898	6,102
Commodities	<u>3,600</u>	<u>3,600</u>	<u>2,640</u>	<u>960</u>
Total County Treasurer's Department	<u>168,415</u>	<u>168,415</u>	<u>163,942</u>	<u>4,473</u>
Register of Deeds:				
Personal services	156,507	156,507	150,316	6,191
Contractual services	9,460	9,460	6,691	2,769
Commodities	2,100	2,100	1,385	715
Capital outlay	<u>—</u>	<u>—</u>	<u>475</u>	<u>(475)</u>
Total Register of Deeds Department	<u>168,067</u>	<u>168,067</u>	<u>158,867</u>	<u>9,200</u>
Planning and Zoning:				
Personal services	90,080	90,080	75,024	15,056
Contractual services	12,011	12,011	7,788	4,223
Commodities	1,000	1,000	952	48
Capital outlay	<u>—</u>	<u>—</u>	<u>2,821</u>	<u>(2,821)</u>
Total Planning and Zoning Department	<u>103,091</u>	<u>103,091</u>	<u>86,585</u>	<u>16,506</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Courthouse General				
Contractual services	\$ 212,000	\$ 212,000	\$ 263,267	\$ (51,267)
Commodities	13,500	13,500	15,567	(2,067)
Capital outlay	<u>63,500</u>	<u>63,500</u>	<u>10,009</u>	<u>53,491</u>
Total Courthouse General Department	<u>289,000</u>	<u>289,000</u>	<u>288,843</u>	<u>157</u>
Courthouse Maintenance:				
Personal services	95,400	95,400	94,236	1,164
Contractual services	18,000	18,000	13,178	4,822
Commodities	<u>25,400</u>	<u>25,400</u>	<u>27,278</u>	<u>(1,878)</u>
Total Courthouse Maintenance	<u>138,800</u>	<u>138,800</u>	<u>134,692</u>	<u>4,108</u>
Election:				
Personal services	16,000	16,000	13,154	2,846
Contractual services	59,990	59,990	47,380	12,610
Commodities	<u>6,000</u>	<u>6,000</u>	<u>5,046</u>	<u>954</u>
Total Election Department	<u>81,990</u>	<u>81,990</u>	<u>65,580</u>	<u>16,410</u>
Appraiser:				
Personal services	361,933	361,933	375,590	(13,657)
Contractual services	36,023	36,023	31,278	4,745
Commodities	<u>7,000</u>	<u>7,000</u>	<u>7,575</u>	<u>(575)</u>
Total Appraiser Department	<u>404,956</u>	<u>404,956</u>	<u>414,443</u>	<u>(9,487)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

(continued from previous page)

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Bank Building:				
Contractual services	\$ 95,000	\$ 95,000	\$ 128,832	\$ (33,832)
Commodities	5,000	5,000	536	4,464
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>—</u>	<u>25,000</u>
Total Bank Building Department	<u>125,000</u>	<u>125,000</u>	<u>129,368</u>	<u>(4,368)</u>
Sheriff:				
Personal services	847,100	847,100	878,121	(31,021)
Contractual services	156,315	156,315	175,668	(19,353)
Commodities	134,190	134,190	111,317	22,873
Capital outlay	<u>86,900</u>	<u>86,900</u>	<u>97,632</u>	<u>(10,732)</u>
Total Sheriff's Department	<u>1,224,505</u>	<u>1,224,505</u>	<u>1,262,738</u>	<u>(38,233)</u>
Jail:				
Personal services	595,325	595,325	603,232	(7,907)
Contractual services	286,990	286,990	246,340	40,650
Commodities	47,000	47,000	48,519	(1,519)
Capital outlay	<u>9,615</u>	<u>9,615</u>	<u>21,605</u>	<u>(11,990)</u>
Total Jail Department	<u>938,930</u>	<u>938,930</u>	<u>919,696</u>	<u>19,234</u>
County Attorney/Victim Witness:				
Personal services	317,892	317,892	324,518	(6,626)
Contractual services	48,800	48,800	58,544	(9,744)

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Commodities	\$ 18,000	\$ 18,000	\$ 18,699	\$ (699)
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>4,965</u>	<u>(2,465)</u>
Total County Attorney/ Victim Witness Department	<u>387,192</u>	<u>387,192</u>	<u>406,726</u>	<u>(19,534)</u>
Unified Courts:				
Contractual services	185,150	185,150	169,080	16,070
Commodities	17,300	17,300	17,070	230
Capital outlay	<u>15,250</u>	<u>15,250</u>	<u>17,102</u>	<u>(1,852)</u>
Total Unified Courts	<u>217,700</u>	<u>217,700</u>	<u>203,252</u>	<u>14,448</u>
Emergency Management:				
Personal services	43,000	43,000	–	43,000
Contractual services	19,965	19,965	19,756	209
Commodities	5,825	5,825	2,306	3,519
Capital outlay	<u>–</u>	<u>–</u>	<u>28,165</u>	<u>(28,165)</u>
Total Emergency Management Department	<u>68,790</u>	<u>68,790</u>	<u>50,227</u>	<u>18,563</u>
Emergency Communications:				
Personal services	566,833	566,833	607,293	(40,460)
Contractual services	7,605	7,605	5,632	1,973
Commodities	3,850	3,850	3,274	576
Capital outlay	<u>–</u>	<u>–</u>	<u>76,545</u>	<u>(76,545)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total Emergency Communications Department	\$ 578,288	\$ 578,288	\$ 692,744	\$ (114,456)
Old Mill Park and Museum:				
Personal services	133,101	133,101	136,184	(3,083)
Contractual services	45,350	45,350	41,459	3,891
Commodities	17,125	17,125	24,482	(7,357)
Capital outlay	<u>19,000</u>	<u>19,000</u>	<u>15,017</u>	<u>3,983</u>
Total Old Mill Park and Museum Department	<u>214,576</u>	<u>214,576</u>	<u>217,142</u>	<u>(2,566)</u>
4-H Fair:				
Contractual services	22,500	22,500	21,683	817
Commodities	1,000	1,000	118	882
Capital outlay	<u>3,500</u>	<u>3,500</u>	<u>—</u>	<u>3,500</u>
Total 4-H Fair	<u>27,000</u>	<u>27,000</u>	<u>21,801</u>	<u>5,199</u>
Infant Development Program:				
Personal services	202,442	202,442	194,508	7,934
Contractual services	94,000	94,000	90,232	3,768
Commodities	2,000	2,000	1,998	2
Capital outlay	<u>4,000</u>	<u>4,000</u>	<u>2,052</u>	<u>1,948</u>
Total Infant Development Program	<u>302,442</u>	<u>302,442</u>	<u>288,790</u>	<u>13,652</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Other:				
Services for the elderly	\$ 277,800	\$ 277,800	\$ 277,800	\$ –
Mental health	165,000	165,000	165,000	–
Family Life Center	25,000	25,000	25,000	–
Domestic Violence/COVAP	11,000	11,000	11,000	–
Special fair	13,750	13,750	13,750	–
Soil Conservation	30,665	30,665	30,665	–
County Extension				
Appropriation	269,500	269,500	269,500	–
Joint Airport	61,240	61,240	61,240	–
Economic development	66,000	66,000	57,980	8,020
Coroner fees	70,000	70,000	71,737	(1,737)
Humane Society	18,000	18,000	18,000	–
Ambulance	555,452	555,452	555,452	–
Home Grant Program	–	–	249,289	(249,289)
Transfers out	<u>100,000</u>	<u>100,000</u>	<u>–</u>	<u>100,000</u>
Total Other	<u>1,663,407</u>	<u>1,663,407</u>	<u>1,806,413</u>	<u>(143,006)</u>
 Total expenditures, encumbrances and other uses	 7,808,432	 7,808,432	 7,993,547	 (185,115)
Budget credits:				
Excess of actual federal and State grant revenues received over budgeted amounts (K.S.A. 12-1663)	–	123,039	–	123,039

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Reimbursed expenditures from insurance proceeds (K.S.A. 79-2934)	\$ —	\$ 42,509	\$ —	\$ 42,509
Unbudgeted donation expenditures (K.S.A. 79-2925)	<u>—</u>	<u>75,000</u>	<u>—</u>	<u>75,000</u>
Total expenditures for budgetary comparison	<u>—</u>	<u>8,048,980</u>	<u>7,993,547</u>	<u>55,433</u>
Revenues and other sources over (under) expenditures, encum- brances and other uses	(301,756)	(301,756)	510,399	812,155
Fund balance, beginning of year	<u>301,756</u>	<u>301,756</u>	<u>1,004,232</u>	<u>702,476</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,514,631</u>	<u>\$1,514,631</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

PUBLIC WORKS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 4,964,099	\$ 4,964,099	\$ 5,057,431	\$ 93,332
Intergovernmental	860,000	860,000	879,457	19,457
Charges for services	5,000	5,000	32	(4,968)
Miscellaneous	1,500	1,500	52,847	51,347
Use of money and property	1,000	1,000	770	(230)
Reimbursed expenditures	<u>—</u>	<u>—</u>	<u>260,000</u>	<u>260,000</u>
Total revenues	<u>5,831,599</u>	<u>5,831,599</u>	<u>6,250,537</u>	<u>418,938</u>
Expenditures, encumbrances and other uses:				
Personal services	1,734,888	1,734,888	1,628,366	106,522
Contractual services	488,410	488,410	433,457	54,953
Commodities	3,488,100	3,488,100	3,005,117	482,983
Capital outlay	<u>785,000</u>	<u>785,000</u>	<u>1,062,790</u>	<u>(277,790)</u>
Total expenditures, encumbrances and other uses	<u>6,496,398</u>	<u>6,496,398</u>	<u>6,129,730</u>	<u>366,668</u>
Revenues over (under) expenditures, encumbrances and other uses	(664,799)	(664,799)	120,807	785,606
Fund balance, beginning of year	<u>664,799</u>	<u>664,799</u>	<u>1,134,627</u>	<u>469,828</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,255,434</u>	<u>\$ 1,255,434</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

EMPLOYEE BENEFITS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues and other sources:				
Taxes	\$ 2,165,753	\$ 2,165,753	\$ 2,204,530	\$ 38,777
Reimbursed expenditures	<u>1,000</u>	<u>1,000</u>	<u>64,806</u>	<u>63,806</u>
Total revenues	2,166,753	2,166,753	2,269,336	102,583
Expenditures:				
Personal services	<u>2,646,210</u>	<u>2,646,210</u>	<u>2,337,159</u>	<u>309,051</u>
Revenues and other sources over (under) expenditures and other uses	(479,457)	(479,457)	(67,823)	411,634
Fund balance, beginning of year	<u>479,457</u>	<u>479,457</u>	<u>548,417</u>	<u>68,960</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 480,594</u>	<u>\$ 480,594</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

SPECIAL LANDFILL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	<u>\$1,645,000</u>	<u>\$1,645,000</u>	<u>\$ 1,652,119</u>	<u>\$ 7,119</u>
Expenditures and other uses:				
Contractual services	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,630,000</u>	<u>–</u>
Transfer out	<u>84,500</u>	<u>84,500</u>	<u>–</u>	<u>84,500</u>
Total expenditures and other uses	<u>1,714,500</u>	<u>1,714,500</u>	<u>1,630,000</u>	<u>84,500</u>
Revenues over (under) expenditures and other uses	<u>(69,500)</u>	<u>(69,500)</u>	<u>22,119</u>	<u>91,619</u>
Fund balance, beginning of year	<u>69,989</u>	<u>69,989</u>	<u>220,485</u>	<u>150,496</u>
Fund balance, end of year	<u>\$ 489</u>	<u>\$ 489</u>	<u>\$ 242,604</u>	<u>\$ 242,115</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

December 31, 2014

Assets:

Current assets:

Cash including short-term investments	\$ 921,361
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Liabilities:

Current liabilities:

Accounts payable	<u>52,076</u>
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Net position – unrestricted	<u>\$ 869,285</u>
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The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2014

Operating revenues:	
Employee/employer contributions	\$ 1,779,225
Operating expenses:	
Claims from participants	<u>1,529,053</u>
Change in net position	250,172
Net position, beginning of year	<u>619,113</u>
Net position, end of year	<u>\$ 869,285</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2014

Cash flow from operating activities:	
Cash received for contributions	\$ 1,779,225
Cash payments for claims	<u>(1,699,059)</u>
Cash flows provided by operating activities - net increase in cash and cash equivalents	80,166
Cash and cash equivalents, beginning of year	<u>841,195</u>
Cash and cash equivalents, end of year	<u><u>\$ 921,361</u></u>
Reconciliation of operating income to net cash provided for operating activities:	
Operating income	\$ 250,172
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	<u>(170,006)</u>
Net cash provided for operating activities	<u><u>\$ 80,166</u></u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS**

December 31, 2014

Assets:	
Cash including investments	\$ 28,080,261
Property tax levied	19,123,484
Due from other funds	8,752
Due from taxing districts	8,750
Due from other governments	<u>2</u>
Total assets	<u>\$ 47,221,249</u>
Liabilities:	
Accrued liabilities	\$ 9,658
Due to:	
Other governmental units	110,909
Others	4,854
Taxing districts:	
Apportioned taxes	8,160
Unapportioned taxes	47,043,622
Case balance deposits	35,294
Due to other funds	<u>8,752</u>
Total liabilities	<u>\$ 47,221,249</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

McPherson County, Kansas (County) is organized under the laws of the State of Kansas and operates under a three-member board of commissioners elected from separate districts throughout the County. The County provides services to its citizens in the areas of highways, public improvement, public safety, planning and zoning, health services, recreation facilities and general administrative services.

As required by generally accepted accounting principles, these financial statements present McPherson County, Kansas (the primary government) and its component unit. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component unit

The McPherson County Extension Council provides instruction and practical demonstrations in agriculture, marketing, home economics, 4-H club and youth work, and community and resource development to all persons of McPherson County. The Board of County Commissioners are required by state statute to approve the annual operating budget of the McPherson County Extension Council and levy property taxes, within statutory limitations, for the financing of such budgeted appropriations. The Council's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy and represents over 70% of the McPherson County Extension Council's operating resources. In addition, the County provides the facilities used by McPherson County Extension Council. Complete financial statements for the McPherson County Extension Council may be obtained from the administrative offices of the entity at 600 West Woodside, McPherson, Kansas 67460-0308.

Related organizations

The Board of County Commissioners, by state statute, serves as the governing body of each Fire District established in McPherson County. State statutes further provide that the Board of County Commissioners may appoint a board of not less than three members to serve as the governing body of such District and such board shall have all the powers vested with the Board of County Commissioners. McPherson County has established 10 separate Fire Districts' organized under the provisions of the state statutes discussed above, with all being defined as separate taxing entities. These Fire Districts provide fire

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

protection services principally to the unincorporated areas of the County. Property taxes are assessed within the benefit districts to provide the resources for the cost of the fire protection services and such levies are established and levied by the respective Fire District Boards'. The Fire District Boards' also have the authority to issue general obligation bonds, which are secured by the full faith and credit of the Fire District.

Basis of presentation

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's basic financial statements include both government-wide, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net position presents the financial condition of the County and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the County.

Fund financial statements

During the year, the County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental fund financial statements is on

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The County reports the following major governmental funds:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund.

Public Works Fund – The Public Works Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for public works maintenance operations. Financing is provided from property taxes and motor fuel taxes distributed from the State of Kansas.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for the County's portion of social security taxes, Medicare taxes, retirement, worker's compensation insurance and unemployment insurance contributions. Financing is provided by property taxes.

Special Landfill Fund – The Special Landfill Fund is used to account for and report the specific revenue sources that are restricted or committed to expenditure for the operations of the County landfill and solid waste removal from the County. Financing is provided through special assessment tax levies to all property owners in the County.

Solid Waste Project Fund – The Solid Waste Project Fund is used to account for the construction of a new landfill, construction of certain buildings to be used as a gatehouse building, a baler building and a household hazardous waste facility and the acquisition of certain equipment including a baler, scale, conveyer equipment and other initial equipment for operation of the landfill. Financing for the project is provided through the issuance of general obligation bonds.

The County also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds.

Internal Service Fund – The Employee Benefits Plan Fund is used to account for and report the financing of health insurance coverage on County employees, which is financed from employee withholdings and County contributions.

Agency Funds – The agency funds are used to report resources held by the County in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The agency funds consist of funds maintained by the County Treasurer for tax collection accounts, tax distribution accounts, motor vehicle fees and sales tax collection accounts, fish and game licenses and park permits and stray animals. In addition, the County maintains agency funds for resources held for the benefit of the McPherson County jail inmates, the McPherson County cafeteria benefit plan, the McPherson County Sheriff's reserve and sales taxes collected by McPherson County to be remitted to the State of Kansas.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges between certain County departments that involve different functions of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The internal service fund activity is eliminated in the government-wide financial statements to avoid duplication of revenues and expenses.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the County at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Use of money and property represents earnings from investment of idle funds, rents and sales of unused County property. Accruals for significant amounts of interest earned are recorded as a receivable and interest income at year-end. The remaining use of money and property revenues is generally not susceptible to accrual and is recorded when received in cash.

Budgetary principles

The County is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute) and debt service. Specific special revenue funds exempted from legally adopted budgetary requirements include the Oil & Gas Depletion Trust, Prosecutor Training and Assistance, Law Enforcement Trust and Motor Vehicle Department funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During 2014, the following individual fund budgets were amended by the governing body:

Fund	<u>Original budget</u>	<u>Amended budget</u>
Cellular 911 Telephone Tax	\$ 8,500	\$ 100,000
Debt Service	812,926	875,000

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. The County Administrator/Financial Manager has the authority to revise line item budgets within a fund or a department within a fund, however total departmental amendments or individual fund amendments must be approved by the County Commission. The expenditure data presented in the schedules for budgetary comparison represent the original line item budgets approved by the County Commission.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

	<u>Major Governmental Funds</u>				Other Nonmajor Governmental Funds
	<u>General Fund</u>	<u>Public Works Fund</u>	<u>Employee Benefits Fund</u>	<u>Special Landfill Fund</u>	
GAAP Fund Balance at December 31, 2014	\$2,785,028	\$ 1,492,187	\$ 480,594	\$ 242,604	\$ 7,051,515
Adjustments:					
Reserved for encumbrances (budgeted funds)	(41,298)	(2,400)	-	-	-
Reserved for inventories	-	(234,353)	-	-	-
Reserved for self-insurance claims	(1,049,749)	-	-	-	-
Accrued sales tax revenues	(179,350)	-	-	-	-
Unreserved fund balances not subject to the Kansas Budget law	-	-	-	-	(5,644,706)
Budgetary Fund Balance at December 31, 2014	<u>\$1,514,631</u>	<u>\$ 1,255,434</u>	<u>\$ 480,594</u>	<u>\$ 242,604</u>	<u>\$ 1,399,091</u>

Cash including short-term investments

Cash balances in all funds are considered in determining the amount to be invested. All investment earnings are credited to the General Fund in accordance with the adopted budget.

Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes receivable

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County.

Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales tax receivable

The County has a 1% local sales tax (50% allocated to the cities within the County), which is collected by the State and remitted to the County monthly. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end.

Special assessment taxes receivable

Special assessment taxes are levied to every property owner in the County each year and become a lien on the property when assessed on November 1. The amount of levy is determined by the County Commission each year prior to June 1. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Special Landfill Fund and are accrued in the Statement of Net Position. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as deferred inflows of resources in the funds statement.

Inventories and prepaid items

Inventories are valued at cost as determined by the first-in, first-out method. The purchase method is used to account for these inventories. Under the purchase method, inventories are recorded as expenditures when purchased however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in governmental funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories in the Public Works Fund represent, sand, salt and asphalt products and other expendable supplies held for consumption.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the government-wide financial statements, rather than in the governmental fund financial statements. The County has capitalized infrastructure assets consisting of bridges, curbs and gutters and drainage systems purchased or constructed since January 1902. Highways and roads purchased or constructed since January 1951 have been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated. The County capitalizes capital assets with a value of \$1,000 or more.

Effective January 1, 2009, the County has elected to retroactively report its intangible assets, right-of-way easements, to include all purchases subsequent to December 31, 1990.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets with indefinite useful lives, such as right-of-way easements, are not amortized under the provisions of Governmental Accounting Standards Board Statement No. 51.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Buildings	10 to 50 years
Improvements other than buildings	5 to 15 years
Machinery and equipment	3 to 10 years
Infrastructure – roads and roadbeds	5 to 40 years
Infrastructure – bridges	35 to 70 years

Compensated absences

During 2003, the County implemented a paid time off (PTO) policy to replace the former vacation, sick and bereavement leave policies. PTO hours are earned based on years of service with the County and range from 130 hours per year for employees with less than one year of service to 234 hours per year for employees with fifteen or more years of service. The maximum PTO that may be accumulated as of an employee's anniversary date is 520 hours. Employees who have accrued more than 520 hours of PTO shall exchange PTO in excess of 520 hours for PTO pay on a 2 for 1 basis at their employment anniversary date. At termination of employment, an employee shall be reimbursed for all accumulated PTO time, up to 520 hours, at an amount equal to 100% of the employee's hourly wage at the time of termination.

Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost-sharing multi-employer statewide pension plan. The County's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. During 1993, the County established the Insurance Reserve Fund to cover deductibles and other liabilities related to its risk of loss for these types of risks.

In December 1993, the County established a self-insurance health insurance program (Employee Benefits Plan Fund, an internal service fund) for employees for which it retains risk of loss with certain limitations. The County's retained risk is limited through stop loss insurance coverage carried with a commercial insurance carrier. This policy provides for complete insurance coverage after the County has incurred \$75,000 of claims for any individual, in any one plan year, and also limits the County's paid claims to 100% of expected claims computed on a cumulative basis by month for any plan year. All County funds incurring payroll expenditures participate in the program and make payments to the Employee Benefits Plan Fund (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$52,076 at December 31, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount for 2013 and 2014 were as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year end</u>
2013	\$135,114	\$ 1,770,803	\$1,683,835	\$222,082
2014	222,082	1,529,053	1,699,059	52,076

The County reports all other risk management activities in its General Fund. These liabilities would include payments to cover deductibles and other claims not covered through commercial insurance coverage's for property and liability losses. At December 31, 2014 there were no outstanding liabilities for these types of risks. Changes in the reported liability amount for 2013 and 2014 were as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year end</u>
2013	\$ —	\$ —	\$ —	\$ —
2014	—	—	—	—

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At December 31, 2014, General Fund cash and short-term investments of \$1,049,749 were held for purposes of funding the County's current accrued liabilities and future claims liabilities. As a result, \$1,049,749 of the General Fund balance is committed for payment of future claims liabilities.

Under Kansas budgetary principles, the County accounts for its self-insurance reserve activities in a separate fund, which is not subject to annual budgetary appropriation. However, the financial statements prepared in accordance with generally accepted accounting principles include the County's self-insurance reserve activities in the General Fund.

Deferred Inflows of Resources/Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The County identified property taxes receivable as financial balances that meet the definition of a deferred inflow of resources. The County identified no items that meet the definition of a deferred outflow of resources.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Invested in capital assets, net – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints place on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County's policy is to apply restricted net position first.
- Unrestricted net position – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- Committed – Assets with a purpose formally imposed by resolution by the Board of County Commissioners, binding unless modified or rescinded by the Board of County Commissioners.
- Assigned – Comprised of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County Commission or (2) a body or official to whom the County Commission has delegated the authority to assign amounts to be used for specific purposes as prescribed by the County's policies. The County Administrator/Financial Manager has been delegated authority to assign amounts for specific purposes within the County's established policies.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The County has no formal fund balance policy to maintain a minimum unrestricted fund balance fund for any County funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits and investments

At December 31, 2014 the County had the following investments:

2. DEPOSITS AND INVESTMENTS (continued)

<u>Investment Type</u>	<u>Carrying Amount/ Fair Value</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Rating</u>
Kansas Municipal Investment Pool –				
Overnight	\$ 21,164,527	\$ 21,164,527	.03	S&P AAAs/S1+
Fixed rate 180 days	2,000,000	2,000,000	.14	S&P AAAs/S1+
Fixed rate 1 year	<u>3,000,000</u>	<u>3,000,000</u>	.18	S&P AAAs/S1+
	<u>\$ 26,164,527</u>	<u>\$ 26,164,527</u>		

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices. The rating of the County's investments is noted above.

Concentration of credit risk

State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The County's allocation of investments as of December 31, 2014, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%

The Kansas State Treasurer under the oversight of the Pooled Money Investment Board manages the Municipal Investment Pool. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. Investments by the State Treasurer of pooled moneys are limited to those investments defined by State statute and each participant's fair value of their position in the pool is the same as their value of the pool shares. The investments with the Kansas Municipal Investment Pool are not subject to pledged security statutes.

2. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned to the County. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipts issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, Kansas.

At year-end, the carrying amount of the County's deposits was \$14,903,190 with the bank balances of such accounts being \$15,551,573. Of the bank balances, \$1,967,607 was covered by federal depository insurance and the remaining balance of \$13,583,966 was covered by collateral held by the County's custodial banks in joint custody in the name of the County and its banks. The fair value of the pledged securities held by the County's custodial banks was \$18,944,043 at December 31, 2014.

At year-end the carrying amount of the County's discretely presented component unit deposits was \$143,516 with the bank balances of such accounts being \$145,455. The bank balances of the County's discretely presented component unit were entirely covered by federal depository insurance at December 31, 2014.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2014, the County had invested \$26,164,527 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled moneys may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

A reconciliation of cash and investments as reported in the financial statements at December 31, 2014 is as follows:

Cash on hand	\$ 2,485
Carrying amount of deposits – primary government	14,903,190
Carrying amount of deposits – component unit	143,516
Carrying amount of investments – primary government	<u>26,164,527</u>
Total	<u>\$ 41,213,718</u>

2. DEPOSITS AND INVESTMENTS (continued)

Amounts per statements of net position:

Cash and investments – primary government	\$ 12,989,941
Cash and investments – component unit	143,516
Cash and investments held in fiduciary funds	<u>28,080,261</u>
Total	<u>\$ 41,213,718</u>

3. CAPITAL ASSETS

A summary of changes in capital assets of the County for the year ended December 31, 2014 is as follows:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,795,764	\$ –	\$ –	\$ 1,795,764
Intangibles	573,494	40,613	–	614,107
Construction work in process	<u>14,819</u>	<u>340,421</u>	<u>–</u>	<u>355,240</u>
Total assets not being depreciated	<u>2,384,077</u>	<u>381,034</u>	<u>–</u>	<u>2,765,111</u>
Capital assets being depreciated:				
Buildings	7,372,615	91,514	14,500	7,449,629
Improvements other than buildings	4,448,368	253,290	40,425	4,661,233
Infrastructure	83,508,408	3,711,958	4,435,707	82,784,659
Machinery and equipment	<u>11,489,817</u>	<u>520,493</u>	<u>242,227</u>	<u>11,768,083</u>
Total capital assets being depreciated	<u>106,819,208</u>	<u>4,577,255</u>	<u>4,732,859</u>	<u>106,663,604</u>

3. CAPITAL ASSETS (continued)

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Less accumulated depreciation for:				
Buildings	\$ 3,878,835	\$ 218,019	\$ 14,500	\$ 4,082,354
Improvements other than buildings	2,681,680	134,565	40,425	2,775,820
Infrastructure	45,443,106	3,067,555	4,435,707	44,074,954
Machinery and equipment	<u>10,360,778</u>	<u>459,113</u>	<u>242,227</u>	<u>10,577,664</u>
Total accumulated depreciation	<u>62,364,399</u>	<u>3,879,252</u>	<u>4,732,859</u>	<u>61,510,792</u>
Total capital assets being depreciated, net	<u>44,454,809</u>	<u>698,003</u>	<u>—</u>	<u>45,152,812</u>
Governmental activities capital assets, net	<u>\$ 46,838,886</u>	<u>\$ 1,079,037</u>	<u>\$ —</u>	<u>\$ 47,917,923</u>

Depreciation expense was charged to function/programs of the primary government as follows:

General government	\$ 190,930
Public safety	371,850
Highways and streets, including infrastructure	3,258,034
Health and sanitation	27,720
Culture and recreation	28,798
Environmental protection	<u>1,920</u>
Total depreciation expense – governmental activities	<u>\$ 3,879,252</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the County for the year ended December 31, 2014:

4. LONG-TERM DEBT (continued)

	Outstanding January 1, 2014	Additions	Deletions	Outstanding December 31, 2014	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 7,050,000	\$ —	\$ 725,000	\$ 6,325,000	\$ 700,000
Premium on general obligation bonds	183,214	—	24,570	158,644	21,854
Compensated absences	601,448	608,208	581,790	627,866	607,335
Other postemployment benefits	<u>547,030</u>	<u>93,436</u>	<u>—</u>	<u>640,466</u>	<u>—</u>
	<u>\$ 8,381,692</u>	<u>\$ 701,644</u>	<u>\$ 1,331,360</u>	<u>\$ 7,751,976</u>	<u>\$ 1,329,189</u>

General obligation bonds

General obligation bonds are serial bonds to be retired through calendar year 2033. At December 31, 2014 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding and Improvement Bonds, Series 2013	2.00% - 4.00%	\$ 6,325,000

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 700,000	\$ 184,675	\$ 884,675
2016	700,000	170,675	870,675
2017	715,000	156,675	871,675
2018	730,000	142,375	872,375
2019	535,000	124,125	659,125
2020	210,000	108,075	318,075
2021	220,000	101,775	321,775
2022	225,000	95,175	320,175
2023	230,000	88,425	318,425
2024	175,000	81,525	256,525
2025	185,000	75,400	260,400
2026	190,000	68,000	258,000
2027	200,000	60,400	260,400
2028	205,000	52,400	257,400

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2029	\$ 205,000	\$ 44,200	\$ 249,200
2030	210,000	36,000	246,000
2031	220,000	27,600	247,600
2032	230,000	18,800	248,800
2033	<u>240,000</u>	<u>9,600</u>	<u>249,600</u>
	<u>\$ 6,325,000</u>	<u>\$ 1,645,900</u>	<u>\$ 7,970,900</u>

During 2013, the County issued \$7,050,000 of General Obligation Refunding and Improvement Bonds, Series 2013 bearing interest from 2.00% to 4.00% to provide permanent financing for the solid waste landfill project (\$5,155,000) and to advance refund the County's outstanding General Obligation Refunding Bonds, Series 2004 bonds maturing in 2014 and thereafter (\$1,895,000). The Series 2013 bonds, maturing on August 1, 2021 and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2020, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

Applicable State statutes limit the outstanding bonded indebtedness of the County to 3% of the assessed value of all tangible taxable property within the County. At December 31, 2014, the County's legal debt margin was \$11,819,529.

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The County's projected liability for compensated absences at December 31, 2014 is \$627,866, of which 50% is assignable to the General Fund, 27% to other major funds, and 23% to other nonmajor funds.

Other postemployment benefits

The other postemployment benefit obligation is principally liquidated from the Employee Benefits Fund (85%) and the remaining 15% being liquidated from other nonmajor funds.

Conduit debt

The County has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the County, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of McPherson County, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2014:

4. LONG-TERM DEBT (continued)

	Outstanding January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2014</u>
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2011 – Mid-Kansas Cooperative Association	\$ 5,000,000	\$ –	\$ –	\$ 5,000,000

5. INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. A summary of 2014 interfund transfers by individual fund is as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major Funds:		
General	\$ 13,509	\$ –
Nonmajor Governmental Funds:		
Noxious Weeds	–	24,000
Noxious Weed Capital Reserve	24,000	–
Motor Vehicle Department	<u>–</u>	<u>13,509</u>
Total transfers for nonmajor governmental funds	<u>24,000</u>	<u>37,509</u>
Total transfers	<u>\$ 37,509</u>	<u>\$ 37,509</u>

The transfers from the Noxious Weeds Fund are non-routine transfers to nonmajor governmental funds to increase reserves for anticipated future equipment replacement costs to be incurred in the reserve fund. In addition, the transfer received by the General Fund from the Motor Vehicle Department Fund is the result of excess resources held by that fund from its 2013 operations.

6. PENSION PLAN

Plan description

The County participates in the Kansas Public Employees Retirement System (KPERs), a cost sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-

6. PENSION PLAN (continued)

4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803.

Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 5% of covered salary for participants employed prior to July 1, 2009 and 6% for new participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for the period January 1, 2014 to December 31, 2014 was 9.69%. Included in this rate is the contribution for Group Death and Disability Insurance of .85%. The County's contributions to KPERS for the years ending December 31, 2014, 2013 and 2012 were \$686,902, \$597,541 and \$534,586, respectively, equal to the statutory required contributions for each year.

7. OPERATING LEASE

On July 1, 1999, the County purchased an office building located adjacent to the County Courthouse from Bank of America and entered into a lease agreement with the seller for use of a portion of the building. The initial lease term was for five years with a base rent amount of \$8,333 per month. The tenant has an option to renew the lease for two successive additional five-year terms. The monthly base rent for the first and second renewable terms increases to \$9,583 and \$11,021, respectively. The tenant exercised both the first and second renewal options during 2004 and 2009, respectively. The lease agreement also provides that the County will pay all operating expenses and that the 2000 calendar year will be the operating expense base year. Subsequent to the 2000 calendar year, the tenant will pay additional rent for their prorata share of increased operating expenses limited to 5% per year. The Bank of America operations were purchased by another financial institution during 2013 and the lease agreement was then extended one year to July 1, 2015 with the rent set at \$10,600 per month.

The following is a summary of property on lease at December 31, 2014:

Building	\$ 220,200
Accumulated depreciation	<u>(88,080)</u>
	<u>\$ 132,120</u>

7. OPERATING LEASE (continued)

Minimum future rentals to be received on non-cancelable leases as of December 31, 2014 are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2015	\$ 63,600

8. JOINT VENTURES

McPherson Area Solid Waste Utility

Effective July 17, 1991, the County entered into an interlocal agreement, authorized by State statutes, with the eight cities located within McPherson County to form the McPherson Area Solid Waste Utility (the Utility). The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective countywide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of all Members. The Utility is managed by a Board of Directors consisting of 3 Directors. The Directors are selected by the governing bodies of the Members, except that one Director is selected by the small cities within the County. Representation on the Board of Directors is as follows: City of McPherson – 1 Director; McPherson County – 1 Director; and Small Cities – 1 Director.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been placed in escrow for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until its Board of Directors takes such action. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time unless provision has been made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. As discussed in Note 4, the County has provided the financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

8. JOINT VENTURES (continued)

Condensed audited financial information of the McPherson Area Solid Waste Utility as of and for the year ended December 31, 2014 is as follows:

Total assets and deferred outflows of resources	\$ 16,900,083
Total liabilities and deferred inflows of resources	9,401,569
Total net position	7,498,514
Total revenue	5,829,710
Total expenses	5,511,879
Increase in net position	317,831

Complete financial statements for the McPherson Area Solid Waste Utility may be obtained from the administrative offices of the entity at P.O. Box 387, McPherson, Kansas 67460.

McPherson Airport Authority

The McPherson Airport Authority (Authority) is comprised of 5 members with 2 appointed by the Board of County Commissioners, 2 appointed by the McPherson City Commission and 1 appointed at-large by the other four members. Each entity provides ongoing financial responsibility through annual appropriations for the operation of the airport on an equal basis, as determined through the preparation of an annual operating budget. The City of McPherson and McPherson County provide their funding through each entity's General Fund. The Authority does not have bonded indebtedness authority however; either entity may issue general obligation bonds on behalf of the Authority, subject to approval by the qualified electors of the issuing entity. Currently, there is no outstanding indebtedness of either entity for the Authority. The Authority provides for the fiscal management and the day-to-day operations of the airport. Title to certain of the airport property is held by the City of McPherson, McPherson County and also by the McPherson Airport Authority. The County has capitalized its investment in the facility, which is reflected in the statement of net position, in the amount of \$3,463,291. Those capital assets include assets not being depreciated of \$657,000 and assets being depreciated of \$2,806,291, which has accumulated depreciation of \$1,519,022 at December 31, 2014. Complete financial information for the McPherson Airport Authority may be obtained from the administrative offices of the City of McPherson, 400 East Kansas, McPherson, Kansas 67460.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical and dental, to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the County and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. The

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

funding policy of the County is to pay benefits through its self-insured Employee Benefits Plan Fund.

County retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement No. 45).

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Membership in the Plan comprised the following at January 1, 2014:

Active employees	147
Retired participants medical	3

Funding Policy

The contributions of the plan members and the County are established and may be amended by the County Commission. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. County retirees pay 100% of their healthcare premiums; the County is not required to share costs of retiree premiums.

The County's contributions to the plan for the year ended December 31, 2014 were \$1,343,111, of which 85% was paid from the Employee Benefits Fund and 15% from other nonmajor funds.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially determined liabilities (or funding excess) over a period not to exceed thirty years. The following tables show the components of the County's OPEB cost for 2014:

<u>Annual OPEB Cost and Obligation for 2014</u>	<u>Amount</u>
Annual required contribution (ARC)	\$ 96,854
Interest on net OPEB obligation	6,668

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

<u>Annual OPEB Cost and Obligation for 2014</u>	<u>Amount</u>
Adjustment to ARC	\$ 2,960
Annual OPEB cost (expense)	106,482
Contributions made	<u>13,046</u>
Increase in net OPEB obligation	93,436
Net OPEB obligation – beginning of year	<u>547,030</u>
Net OPEB obligation – end of year	<u>\$640,466</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, and the six preceding years, is as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
12-31-08	\$93,213	5.3%	\$ 60,772
12-31-09	101,224	4.9%	178,025
12-31-10	93,613	5.3%	266,722
12-31-11	95,945	2.6%	360,158
12-31-12	95,945	2.6%	453,594
12-31-13	95,945	2.6%	547,030
12-31-14	106,482	12.25%	640,466

Funded Status and Funding Progress

As of December 31, 2014, the plan was not funded. The actuarial accrued liability for benefits was \$1,141,748, and there were no actuarial assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,141,748. The covered payroll (annual payroll of active employees covered by the plan) was \$7,359,382, and the ratio of the UAAL to the covered payroll was 15.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and, actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future.

In the January 1, 2010, actuarial valuation (the most recent actuarial valuation received by the County), the frozen entry age actuarial cost method was used. The actuarial assumptions included a 2.5% percent investment rate of return, an annual healthcare cost trend rate of 6%, and assumed inflation rate of 2.5% and projected salary increases also at 2.5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

10. COMPLIANCE WITH KANSAS LAW

Kansas statutes prohibit expenditures to exceed the adopted budget of individual funds. During 2014, the Community Corrections Fund incurred expenditures in excess of the adopted budget for the fund the amount of \$52,562. This situation resulted from the beginning unencumbered cash carryover and intergovernmental revenues exceeding the anticipated amounts in the 2014 budget.

11. COMMITMENTS AND CONTINGENCIES

Landfill

The McPherson Area Solid Waste Utility (the Utility), of which McPherson County is a member (Note 8), is subject to State and federal laws and regulations which require the Utility to place a final cover on the present landfill site when it discontinues accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Utility is responsible for operating and other costs including closure and post closure costs while it is in existence. At December 31, 2014, the Utility has accrued \$329,008 for closure and post-closure costs. The municipal solid waste landfill operations were suspended during 2001 with the final closure of this portion of the landfill being completed during 2002. The Kansas Department of Health and Environment (KDHE) has approved the County's new Subtitle D landfill facility with one active cell being opened during 2014.

11. COMMITMENTS AND CONTINGENCIES (continued)

Regulations require that the Utility demonstrate financial strength of local governments (members) by financial test, or the substitution of a trust fund, letter of credit, surety bond or insurance policy to meet the estimated costs to be incurred for closure and post closure of the landfill. Although the Utility assumed responsibility for the operating and other costs, including closure and post closure costs, McPherson County, as the "owner" of the landfill, must ultimately demonstrate compliance with the financial assurance regulations. The County's distributions to the Utility for 2014 and 2013 (funded through special assessments on real property in the County) were \$1,630,000 and \$1,500,000, respectively. The County submitted its financial test information to the Kansas Department of Health and Environment in December 2014 and has received correspondence that the County has complied with the financial test requirements for the year ended December 31, 2013. The financial test requirement must be complied with on an annual basis and the County is currently preparing the financial test information for the year ended December 31, 2014. Any possible contributions by Utility Members required to fund post closure requirements is not determinable at this time. Any such contributions required to be made by McPherson County could be funded through special assessments on real property in the County, through the issuance of general obligation bonds, through current resources available to the County, or any combination thereof.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2015, the date on which the financial statements were available to be issued.

McPHERSON COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b - a)</u>	<u>Funded Ratio (a ÷ b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) ÷ c)</u>
1/1/08	\$ -	\$ 1,163,503	\$ 1,163,503	0.0%	\$ 6,755,229	17.2%
1/1/10	-	1,141,748	1,141,748	0.0%	7,148,177	16.0%
1/1/12 *	-	1,141,748	1,141,748	0.0%	7,287,374	15.7%
1/1/14 *	-	1,141,748	1,141,748	0.0%	7,359,382	15.5%

* – Actuarial valuation not received for this date and estimated amounts are based on the previous actuarial valuation date.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Community Corrections Fund – to account for the resources provided through federal and state assistance programs utilized for the development, implementation, operation and improvement of community correctional services for McPherson and Harvey Counties.

Health Fund – to account for the operations of public health services. Financing is provided by property taxes and through state assistance programs.

Noxious Weeds Fund – to account for the operations of the Noxious Weed Department for the control and eradication of noxious weeds. Financing is provided through property taxes and sales of chemicals to County residents.

Special Alcohol Fund – to account for alcohol abuse services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Special Parks and Recreation Fund – to account for park and recreation services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Court Trustee Fund – to account for the activities related to the District Court appointed trustee for the enforcement of support imposed by any court order, decree or judgment for child support and maintenance.

Telephone Tax Fund – to account for the fees charged to County telephone subscribers for the acquisition and implementation of an emergency Countywide 911 telephone response system.

Technology Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the Register of Deeds office.

Cellular 911 Telephone Tax Fund – to account for the fees charged to County telephone subscribers under provisions of the “Kansas 911 Act” and such fees shall be used for implementation of 911 services, purchase of 911 equipment, maintenance and license fees for 911 equipment, training of personnel, monthly reoccurring charges billed by service providers, capital improvements and equipment or other physical enhancements to the 911 system, and the original acquisition and installation of road signs designed to aid in the delivery of emergency service.

Oil and Gas Depletion Trust Fund – This fund holds excise tax on the production of oil and gas within the County. For any tax year that the oil and gas leasehold ad valorem valuation of the County is less than 50% of the oil and gas valuation of the County for the second succeeding tax year which commences January 1 following the end of the fiscal year in which the County had \$100,000 or more in receipts of the excise tax production, the Kansas Property Tax Valuation Division shall certify such oil and gas amounts and authorize the County Treasurer to release 20% of the moneys credited to the County's Oil and Gas Depletion Trust Fund to the County General Fund.

Community Developmental Disability Organization (CDDO) Fund – the CDDO functions as the point of entry for services and determines eligibility for individuals needing services. The CDDO ensures that service providers comply with rules and regulations concerning individual rights and responsibilities, health, nutrition, record keeping and person centered support planning. Resources are provided by State grant proceeds and charges for services rendered.

Prosecutor's Training and Assistance Fund – to account for the operations of conducting a continuing legal education program exclusively for duties as a prosecuting attorney. Financing is provided through fees levied on cases prosecuted by the District Court.

Law Enforcement Trust Fund – to account for the sale of property seized through law enforcement proceedings by the Sheriff's Department.

Motor Vehicle Department Fund – to account for the operations of the Motor Vehicle License Department. Financing is provided from fees collected on motor vehicle registration renewals and are established by State statute.

NONMAJOR CAPITAL PROJECT FUNDS

Landfill Remediation Reserve Fund – to accumulate resources to be used for remediation costs of the closed portion of the County's landfill.

Capital Improvement Reserve Fund – to accumulate resources to be used for new or replacement facilities and improvements. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Capital Equipment Reserve Fund – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Highway Improvement Reserve Fund – to account for highway improvement and maintenance operations. Financing is provided by transfers from the Road and Bridge fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes.

Highway Machinery and Equipment Reserve Fund – to account for acquisitions of highway building machinery and equipment. Financing is provided for by transfers from the Road and Bridge fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes.

Noxious Weed Capital Reserve Fund – to accumulate resources to be used for new or replacement equipment employed in the control and eradication of noxious weeds. Financing is provided through annual transfers that must be budgeted from the Noxious Weeds fund.

War Memorial Fund – to account for the maintenance of a war memorial established in McPherson County. Financing is provided through contributions and interest earnings on idle moneys.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term general obligation debt of governmental funds.

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash including short-term investments	\$ 1,436,990	\$ 7,718	\$ 5,587,310	\$ 7,032,018
Property tax receivable	424,789	–	–	424,789
Other accounts receivable	33,587	–	–	33,587
Due from other governmental units	<u>121,745</u>	<u>–</u>	<u>–</u>	<u>121,745</u>
Total	<u>\$ 2,017,111</u>	<u>\$ 7,718</u>	<u>\$ 5,587,310</u>	<u>\$ 7,612,139</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
Liabilities:				
Salaries and wages payable	\$ 60,835	\$ –	\$ –	\$ 60,835
Accounts payable	<u>–</u>	<u>–</u>	<u>75,000</u>	<u>75,000</u>
Total liabilities	<u>60,835</u>	<u>–</u>	<u>75,000</u>	<u>135,835</u>
Deferred inflows of resources:				
Property taxes receivable	<u>424,789</u>	<u>–</u>	<u>–</u>	<u>424,789</u>
Fund Balances:				
Restricted:				
General government	255,842	–	–	255,842
Public safety	759,723	–	–	759,723
Health and welfare	385,324	–	–	385,324
Environmental protection	85,562	–	–	85,562
Culture and recreation	45,036	–	–	45,036
Debt service	–	7,718	–	7,718
Committed:				
Capital improvements	–	–	1,305,430	1,305,430
Environmental protection	–	–	1,299,999	1,299,999
Highway improvements	<u>–</u>	<u>–</u>	<u>2,906,881</u>	<u>2,906,881</u>
Total fund balances	<u>1,531,487</u>	<u>7,718</u>	<u>5,512,310</u>	<u>7,051,515</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,017,111</u>	<u>\$ 7,718</u>	<u>\$ 5,587,310</u>	<u>\$ 7,612,139</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2014

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 638,019	\$ —	\$ 14,036	\$ 652,055
Intergovernmental	1,505,574	874,935	—	2,380,509
Licenses and permits	300,918	—	—	300,918
Charges for services	758,184	—	—	758,184
Use of money and property	75	—	—	75
Other	<u>5,495</u>	<u>—</u>	<u>—</u>	<u>5,495</u>
Total revenues	<u>3,208,265</u>	<u>874,935</u>	<u>14,036</u>	<u>4,097,236</u>
Expenditures:				
Current:				
General government	359,279	—	—	359,279
Public Safety	1,651,149	—	—	1,651,149
Environmental protection	222,448	—	—	222,448
Health and welfare	1,001,207	—	—	1,001,207
Capital outlay	—	—	298,112	298,112
Debt Service	<u>—</u>	<u>874,935</u>	<u>—</u>	<u>874,935</u>
Total expenditures	<u>3,234,083</u>	<u>874,935</u>	<u>298,112</u>	<u>4,407,130</u>
Revenues over (under) expenditures	<u>(25,818)</u>	<u>—</u>	<u>(284,076)</u>	<u>(309,894)</u>
Other financing sources (uses):				
Transfers in	—	—	24,000	24,000
Transfers out	<u>(37,509)</u>	<u>—</u>	<u>—</u>	<u>(37,509)</u>
Total other financing sources (uses)	<u>(37,509)</u>	<u>—</u>	<u>24,000</u>	<u>(13,509)</u>
Net change in fund balances	(63,327)	—	(260,076)	(323,403)
Fund balances, beginning of year	<u>1,594,814</u>	<u>7,718</u>	<u>5,772,386</u>	<u>7,374,918</u>
Fund balances, end of year	<u>\$ 1,531,487</u>	<u>\$ 7,718</u>	<u>\$ 5,512,310</u>	<u>\$ 7,051,515</u>

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2014

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Telephone Tax	Technology	Cellular 911 Telephone Tax	Community Develop- mental Disability Organization	Oil & Gas Depletion Trust	Prosecutor Training And Assistance	Law Enforce- ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>															
Cash including short-term investments	\$ 97,877	\$ 151,262	\$ 87,876	\$ 10,498	\$ 45,036	\$ 159,818	\$ -	\$ 129,880	\$ 427,705	\$ 177,583	\$ 123,758	\$ 5,533	\$ 901	\$ 19,263	\$ 1,436,990
Property tax receivable	-	180,703	138,293	-	-	-	-	-	-	105,793	-	-	-	-	424,789
Other accounts receivable	-	33,587	-	-	-	-	-	-	-	-	-	-	-	-	33,587
Due from other governmental units	<u>95,520</u>	<u>26,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,745</u>
Total	<u>\$ 193,397</u>	<u>\$ 391,777</u>	<u>\$ 226,169</u>	<u>\$ 10,498</u>	<u>\$ 45,036</u>	<u>\$ 159,818</u>	<u>\$ -</u>	<u>\$ 129,880</u>	<u>\$ 427,705</u>	<u>\$ 283,376</u>	<u>\$ 123,758</u>	<u>\$ 5,533</u>	<u>\$ 901</u>	<u>\$ 19,263</u>	<u>\$ 2,017,111</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>															
Liabilities:															
Accrued payroll	\$ 21,023	\$ 11,034	\$ 2,314	\$ -	\$ -	\$ 6,608	\$ -	\$ -	\$ -	\$ 2,797	\$ -	\$ -	\$ -	\$ 17,059	\$ 60,835
Deferred inflows of resources:															
Property taxes receivable	<u>-</u>	<u>180,703</u>	<u>138,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,789</u>
Fund Balances:															
Restricted:															
General government	-	-	-	-	-	-	-	129,880	-	-	123,758	-	-	2,204	255,842
Public safety	172,374	-	-	-	-	153,210	-	-	427,705	-	-	5,533	901	-	759,723
Health and welfare	-	200,040	-	10,498	-	-	-	-	-	174,786	-	-	-	-	385,324
Environmental protection	-	-	85,562	-	-	-	-	-	-	-	-	-	-	-	85,562
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,036</u>
Total fund balances	<u>172,374</u>	<u>200,040</u>	<u>85,562</u>	<u>10,498</u>	<u>45,036</u>	<u>153,210</u>	<u>-</u>	<u>129,880</u>	<u>427,705</u>	<u>174,786</u>	<u>123,758</u>	<u>5,533</u>	<u>901</u>	<u>2,204</u>	<u>1,531,487</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 193,397</u>	<u>\$ 391,777</u>	<u>\$ 226,169</u>	<u>\$ 10,498</u>	<u>\$ 45,036</u>	<u>\$ 159,818</u>	<u>\$ -</u>	<u>\$ 129,880</u>	<u>\$ 427,705</u>	<u>\$ 283,376</u>	<u>\$ 123,758</u>	<u>\$ 5,533</u>	<u>\$ 901</u>	<u>\$ 19,263</u>	<u>\$ 2,017,111</u>

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

Year ended December 31, 2014

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Telephone Tax	Technology	Cellular 911 Telephone Tax	Community Develop- mental Disability Organization	Oil & Gas Depletion Trust	Prosecutor Training and Assistance	Law Enforce- ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
Revenues:															
Taxes	\$ -	\$ 203,971	\$ 136,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,964	\$ 115,861	\$ -	\$ -	\$ -	\$ -	\$ 638,019
Intergovernmental	936,895	217,164	-	8,399	4,395	-	-	-	-	292,969	45,752	-	-	-	1,505,574
Licenses and permits	-	-	-	-	-	262,504	-	38,414	-	-	-	-	-	-	300,918
Charges for services	51,237	258,765	81,035	-	-	-	-	-	-	30,150	-	2,367	45	334,585	758,184
Use of money and property	-	-	75	-	-	-	-	-	-	-	-	-	-	-	75
Other	619	10	-	-	-	68	4,662	-	-	-	-	-	-	136	5,495
Total revenues	988,751	679,910	217,333	8,399	4,395	262,572	4,662	38,414	181,964	438,980	45,752	2,367	45	334,721	3,208,265
Expenditures:															
General government	-	-	-	-	-	-	-	26,762	-	-	-	-	-	332,517	359,279
Public Safety	1,007,482	-	-	-	-	324,141	236,829	-	79,269	-	-	3,383	45	-	1,651,149
Environmental protection	-	-	222,448	-	-	-	-	-	-	-	-	-	-	-	222,448
Health and welfare	-	641,262	-	8,400	-	-	-	-	-	351,545	-	-	-	-	1,001,207
Total expenditures	1,007,482	641,262	222,448	8,400	-	324,141	236,829	26,762	79,269	351,545	-	3,383	45	332,517	3,234,083
Revenues over (under) expenditures	(18,731)	38,648	(5,115)	(1)	4,395	(61,569)	(232,167)	11,652	102,695	87,435	45,752	(1,016)	-	2,204	(25,818)
Other financing uses – transfers out	-	-	(24,000)	-	-	-	-	-	-	-	-	-	-	(13,509)	(37,509)
Net change in fund balances	(18,731)	38,648	(29,115)	(1)	4,395	(61,569)	(232,167)	11,652	102,695	87,435	45,752	(1,016)	-	(11,305)	(63,327)
Fund balances, beginning of year	191,105	161,392	114,677	10,499	40,641	214,779	232,167	118,228	325,010	87,351	78,006	6,549	901	13,509	1,594,814
Fund balances, end of year	\$ 172,374	\$ 200,040	\$ 85,562	\$ 10,498	\$ 45,036	\$ 153,210	\$ -	\$ 129,880	\$ 427,705	\$ 174,786	\$ 123,758	\$ 5,533	\$ 901	\$ 2,204	\$ 1,531,487

McPHERSON COUNTY, KANSAS

COMMUNITY CORRECTIONS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental - State	\$ 900,000	\$ 900,000	\$ 936,895	\$ 36,895
Charges for services	51,000	51,000	51,237	237
Miscellaneous	<u>—</u>	<u>—</u>	<u>619</u>	<u>619</u>
Total revenues	<u>951,000</u>	<u>951,000</u>	<u>988,751</u>	<u>37,751</u>
Expenditures:				
Personal services	848,720	848,720	891,911	(43,191)
Contractual services	80,000	80,000	95,226	(15,226)
Commodities	15,400	15,400	18,081	(2,681)
Capital outlay	<u>10,800</u>	<u>10,800</u>	<u>2,264</u>	<u>8,536</u>
Total expenditures	<u>954,920</u>	<u>954,920</u>	<u>1,007,482</u>	<u>(52,562)</u>
Expenditures over revenues	(3,920)	(3,920)	(18,731)	(14,811)
Fund balance, beginning of year	<u>147,935</u>	<u>147,935</u>	<u>191,105</u>	<u>43,170</u>
Fund balance, end of year	<u>\$ 144,015</u>	<u>\$ 144,015</u>	<u>\$ 172,374</u>	<u>\$ 28,359</u>

McPHERSON COUNTY, KANSAS

HEALTH FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 200,324	\$ 200,324	\$ 203,971	\$ 3,647
Intergovernmental	374,511	374,511	217,164	(157,347)
Charges for services	68,200	68,200	258,765	190,565
Miscellaneous	<u>—</u>	<u>—</u>	<u>10</u>	<u>10</u>
Total revenues	<u>643,035</u>	<u>643,035</u>	<u>679,910</u>	<u>36,875</u>
Expenditures:				
Personal services	456,116	456,116	385,804	70,312
Contractual services	241,912	241,912	203,192	38,720
Commodities	22,010	22,010	18,497	3,513
Capital outlay	<u>9,000</u>	<u>9,000</u>	<u>33,769</u>	<u>(24,769)</u>
Total expenditures	<u>729,038</u>	<u>729,038</u>	<u>641,262</u>	<u>87,776</u>
Revenues over (under) expenditures	(86,003)	(86,003)	38,648	124,651
Fund balance, beginning of year	<u>86,003</u>	<u>86,003</u>	<u>161,392</u>	<u>75,389</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 200,040</u>	<u>\$ 200,040</u>

McPHERSON COUNTY, KANSAS

NOXIOUS WEEDS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 134,110	\$ 134,110	\$ 136,223	\$ 2,113
Sale of chemicals and labor	114,000	114,000	81,035	(32,965)
Use of money and property	<u>1,820</u>	<u>1,820</u>	<u>75</u>	<u>(1,745)</u>
Total revenues	<u>249,930</u>	<u>249,930</u>	<u>217,333</u>	<u>(32,597)</u>
Expenditures and other uses:				
Personal services	99,587	99,587	101,653	(2,066)
Contractual services	21,910	21,910	19,924	1,986
Commodities	161,400	161,400	98,121	63,279
Capital outlay	4,000	4,000	–	4,000
Transfers out	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>–</u>
Total expenditures and other uses	<u>310,897</u>	<u>310,897</u>	<u>243,698</u>	<u>67,199</u>
Revenues over (under) expenditures and other uses	(60,967)	(60,967)	(26,365)	34,602
Fund balance, beginning of year	<u>60,967</u>	<u>60,967</u>	<u>111,927</u>	<u>50,960</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 85,562</u>	<u>\$ 85,562</u>

McPHERSON COUNTY, KANSAS

SPECIAL ALCOHOL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 8,250	\$ 8,250	\$ 8,399	\$ 149
Expenditures:				
Contractual services	<u>8,400</u>	<u>8,400</u>	<u>8,400</u>	<u>—</u>
Revenues over (under) expenditures	(150)	(150)	(1)	149
Fund balance, beginning of year	<u>9,730</u>	<u>9,730</u>	<u>10,499</u>	<u>769</u>
Fund balance, end of year	<u>\$ 9,580</u>	<u>\$ 9,580</u>	<u>\$ 10,498</u>	<u>\$ 918</u>

McPHERSON COUNTY, KANSAS

SPECIAL PARKS AND RECREATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ –	\$ –	\$ 4,395	\$ 4,395
Expenditures:				
Contractual services	<u>15,000</u>	<u>15,000</u>	<u>–</u>	<u>15,000</u>
Revenues over (under) expenditures	(15,000)	(15,000)	4,395	19,395
Fund balance, beginning of year	<u>24,443</u>	<u>24,443</u>	<u>40,641</u>	<u>16,198</u>
Fund balance, end of year	<u>\$ 9,443</u>	<u>\$ 9,443</u>	<u>\$ 45,036</u>	<u>\$ 35,593</u>

McPHERSON COUNTY, KANSAS

COURT TRUSTEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	\$ 375,000	\$ 375,000	\$ 262,504	\$(112,496)
Reimbursed expenditures	<u>200</u>	<u>200</u>	<u>68</u>	<u>(132)</u>
Total revenues	<u>375,200</u>	<u>375,200</u>	<u>262,572</u>	<u>(112,628)</u>
Expenditures:				
Personal services	353,700	353,700	280,854	72,846
Contractual services	41,700	41,700	36,277	5,423
Commodities	3,500	3,500	3,709	(209)
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>3,301</u>	<u>(2,301)</u>
Total expenditures	<u>399,900</u>	<u>399,900</u>	<u>324,141</u>	<u>75,759</u>
Expenditures over revenues	(24,700)	(24,700)	(61,569)	(36,869)
Fund balance, beginning of year	<u>160,644</u>	<u>160,644</u>	<u>214,779</u>	<u>54,135</u>
Fund balance, end of year	<u>\$ 135,944</u>	<u>\$ 135,944</u>	<u>\$ 153,210</u>	<u>\$ 17,266</u>

McPHERSON COUNTY, KANSAS

TELEPHONE TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Reimbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,662</u>	<u>\$ 4,662</u>
Expenditures:				
Contractual services	175,000	175,000	137,574	37,426
Commodities	24,000	24,000	—	24,000
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>99,255</u>	<u>(59,255)</u>
Total expenditures	<u>239,000</u>	<u>239,000</u>	<u>236,829</u>	<u>2,171</u>
Revenues over (under) expenditures	(239,000)	(239,000)	(232,167)	6,833
Fund balance, beginning of year	<u>364,178</u>	<u>364,178</u>	<u>232,167</u>	<u>(132,011)</u>
Fund balance, end of year	<u>\$ 125,178</u>	<u>\$ 125,178</u>	<u>\$ —</u>	<u>\$(125,178)</u>

McPHERSON COUNTY, KANSAS

TECHNOLOGY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 48,500</u>	<u>\$ 48,500</u>	<u>\$ 38,414</u>	<u>\$ (10,086)</u>
Expenditures:				
Contractual services	<u>77,439</u>	<u>77,439</u>	<u>24,805</u>	<u>52,634</u>
Commodities	<u>25,500</u>	<u>25,500</u>	<u>595</u>	<u>24,905</u>
Capital outlay	<u>10,400</u>	<u>10,400</u>	<u>1,362</u>	<u>9,038</u>
Total expenditures	<u>113,339</u>	<u>113,339</u>	<u>26,762</u>	<u>86,577</u>
Revenues over (under) expenditures	<u>(64,839)</u>	<u>(64,839)</u>	<u>11,652</u>	<u>76,491</u>
Fund balance, beginning of year	<u>119,727</u>	<u>119,727</u>	<u>118,228</u>	<u>(1,499)</u>
Fund balance, end of year	<u>\$ 54,888</u>	<u>\$ 54,888</u>	<u>\$ 129,880</u>	<u>\$ 74,992</u>

McPHERSON COUNTY, KANSAS

CELLULAR 911 TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 181,964</u>	<u>\$ 181,964</u>
Expenditures:				
Contractual services	<u>8,500</u>	<u>100,000</u>	<u>31,251</u>	<u>68,749</u>
Capital outlay	<u>—</u>	<u>—</u>	<u>48,018</u>	<u>(48,018)</u>
Total expenditures	<u>8,500</u>	<u>100,000</u>	<u>79,269</u>	<u>20,731</u>
Revenues over (under) expenditures	<u>(8,500)</u>	<u>(100,000)</u>	<u>102,695</u>	<u>202,695</u>
Fund balance, beginning of year	<u>141,903</u>	<u>141,903</u>	<u>325,010</u>	<u>183,107</u>
Fund balance, end of year	<u><u>\$133,403</u></u>	<u><u>\$ 41,903</u></u>	<u><u>\$ 427,705</u></u>	<u><u>\$ 385,802</u></u>

McPHERSON COUNTY, KANSAS

COMMUNITY DEVELOPMENTAL DISABILITY ORGANIZATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 115,269	\$ 115,269	\$ 115,861	\$ 592
Intergovernmental	302,458	302,458	292,969	(9,489)
Charges for services	<u>10,000</u>	<u>10,000</u>	<u>30,150</u>	<u>20,150</u>
Total revenues	<u>427,727</u>	<u>427,727</u>	<u>438,980</u>	<u>11,253</u>
Expenditures:				
Personal services	126,350	126,350	107,880	18,470
Contractual services	22,000	22,000	26,828	(4,828)
Commodities	22,430	22,430	2,716	19,714
Capital outlay	1,000	1,000	1,709	(709)
Agency appropriations	<u>245,000</u>	<u>245,000</u>	<u>212,412</u>	<u>32,588</u>
Total expenditures	<u>416,780</u>	<u>416,780</u>	<u>351,545</u>	<u>65,235</u>
Revenues over expenditures	10,947	10,947	87,435	76,488
Fund balance, beginning of year	<u>492</u>	<u>492</u>	<u>87,351</u>	<u>86,859</u>
Fund balance, end of year	<u>\$ 11,439</u>	<u>\$ 11,439</u>	<u>\$ 174,786</u>	<u>\$ 163,347</u>

McPHERSON COUNTY, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$ 812,926</u>	<u>\$ 875,000</u>	<u>\$ 874,935</u>	<u>\$ (65)</u>
Expenditures:				
Bond principal	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>	<u>—</u>
Bond interest and commission	<u>87,926</u>	<u>150,000</u>	<u>149,935</u>	<u>65</u>
Total expenditures	<u>812,926</u>	<u>875,000</u>	<u>874,935</u>	<u>65</u>
Revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>3,353</u>	<u>3,353</u>	<u>7,718</u>	<u>4,365</u>
Fund balance, end of year	<u>\$ 3,353</u>	<u>\$ 3,353</u>	<u>\$ 7,718</u>	<u>\$ 4,365</u>

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2014

	<u>Landfill Remediation Reserve</u>	<u>Capital Improvement Reserve</u>	<u>Capital Equipment Reserve</u>	<u>Highway Improve- ment Reserve</u>	<u>Highway Machinery & Equip- ment Reserve</u>	<u>Noxious Weed Reserve</u>	<u>War Memorial</u>	<u>Totals</u>
<u>ASSETS</u>								
Cash and short-term investments	<u>\$ 1,057,814</u>	<u>\$ 386,037</u>	<u>\$ 916,057</u>	<u>\$ 2,386,956</u>	<u>\$ 594,925</u>	<u>\$ 242,185</u>	<u>\$ 3,336</u>	<u>\$ 5,587,310</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,000</u>
Fund balances:								
Committed:								
Capital improvements	<u>—</u>	<u>386,037</u>	<u>916,057</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,336</u>	<u>1,305,430</u>
Environmental protection	<u>1,057,814</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>242,185</u>	<u>—</u>	<u>1,299,999</u>
Highway improvements	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,311,956</u>	<u>594,925</u>	<u>—</u>	<u>—</u>	<u>2,906,881</u>
Total fund balance	<u>1,057,814</u>	<u>386,037</u>	<u>916,057</u>	<u>2,311,956</u>	<u>594,925</u>	<u>242,185</u>	<u>3,336</u>	<u>5,512,310</u>
Total liabilities and fund balances	<u>\$ 1,057,814</u>	<u>\$ 386,037</u>	<u>\$ 916,057</u>	<u>\$ 2,386,956</u>	<u>\$ 594,925</u>	<u>\$ 242,185</u>	<u>\$ 3,336</u>	<u>\$ 5,587,310</u>

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

Year ended December 31, 2014

	Landfill Remediation Reserve	Capital Improve- Reserve	Capital Equipment Reserve	Highway Improve- ment Reserve	Highway Machinery & Equip- ment Reserve	Noxious Weed Reserve	War Memorial	Totals
Revenues:								
Taxes	\$ 14,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,036
Expenditures:								
Capital outlay	<u>-</u>	<u>251,675</u>	<u>-</u>	<u>46,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,112</u>
Revenues over (under) expenditures	14,036	(251,675)	-	(46,437)	-	-	-	(284,076)
Other financing sources (uses):								
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Net change in fund balance	14,036	(251,675)	-	(46,437)	-	24,000	-	(260,076)
Fund balances, beginning of year	<u>1,043,778</u>	<u>637,712</u>	<u>916,057</u>	<u>2,358,393</u>	<u>594,925</u>	<u>218,185</u>	<u>3,336</u>	<u>5,772,386</u>
Fund balances, end of year	<u>\$ 1,057,814</u>	<u>\$ 386,037</u>	<u>\$ 916,057</u>	<u>\$ 2,311,956</u>	<u>\$ 594,925</u>	<u>\$ 242,185</u>	<u>\$ 3,336</u>	<u>\$ 5,512,310</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Tax Collection Funds – to account for the various taxes levied by taxing districts throughout the County. The County Treasurer serves as the tax collection agent for all such taxing districts.

Tax Distribution Funds – to account for the individual fund levies of all taxing districts throughout the County.

Motor Vehicle Fees and Sales Tax Collection Funds – to account for the state required fees received on motor vehicle registration renewals to be remitted to the State of Kansas.

Fish and Game Licenses and Park Permits Funds – to account for the state required fees received on the sale of state fish and game licenses and state park permits to be remitted to the State of Kansas.

Stray Animals Fund – to account for the proceeds from the sales of stray animals not claimed by their rightful owners. Excess proceeds are due to the State of Kansas.

Fee Offices Funds – to account for the operations of the County Clerk, Register of Deeds, Sheriff and District Court offices of the County. Fees are due to various funds and agencies as provided by State statutes.

McPherson County Jail Inmates Fund – to account for moneys held on behalf of prisoners held in the County jail.

McPherson County Cafeteria Plan Fund – to account for moneys held on behalf of County employees for payment of designated benefit items.

McPherson County Sheriff's Benefit Reserve Fund – to account for moneys paid to off-duty sheriff reserve officers for services performed outside of normal working hours and assignments.

Sales Tax Holding Fund – to account for sales taxes collected on solid waste facility operations.

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued on next page)**

Year ended December 31, 2014

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
TOTAL - ALL AGENCY FUNDS				
<u>ASSETS</u>				
Cash including short-term investments	\$ 27,244,026	\$ 91,634,947	\$ 90,798,712	\$ 28,080,261
Property tax levied	19,208,308	47,863,088	47,947,912	19,123,484
Due from other funds	-	8,752	-	8,752
Due from taxing districts	-	8,750	-	8,750
Due from State of Kansas	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total assets	<u>\$ 46,452,334</u>	<u>\$ 139,515,539</u>	<u>\$ 138,746,624</u>	<u>\$ 47,221,249</u>
<u>LIABILITIES</u>				
Accrued liabilities	\$ 13,257	\$ 129,633	\$ 133,232	\$ 9,658
Due to:				
Other funds	-	495,362	495,362	-
Other governmental units	109,915	3,790,401	3,789,407	110,909
Others	4,871	87,226	87,243	4,854
Taxing districts:				
Apportioned taxes	28,830	35,803,301	35,823,971	8,160
Unapportioned taxes	46,178,138	51,742,238	50,876,754	47,043,622
Law library	-	14,549	14,549	-
Alcohol safety program	-	2,050	2,050	-
Cash balance deposits	117,323	1,070,479	1,152,508	35,294
Due to other funds	<u>-</u>	<u>8,752</u>	<u>-</u>	<u>8,752</u>
Total liabilities	<u>\$ 46,452,334</u>	<u>\$ 93,143,991</u>	<u>\$ 92,375,076</u>	<u>\$ 47,221,249</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS**

(continued from previous page)

Year ended December 31, 2014

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>
<u>TAX COLLECTION</u>				
<u>ACCOUNTS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 26,969,830	\$ 50,241,946	\$ 49,300,390	\$ 27,911,386
Property tax levied:				
2013 Current tax	19,208,308	1,625,160	20,833,468	-
2014 Current tax	<u>-</u>	<u>46,237,928</u>	<u>27,114,444</u>	<u>19,123,484</u>
	<u>19,208,308</u>	<u>47,863,088</u>	<u>47,947,912</u>	<u>19,123,484</u>
Due from other funds	<u>-</u>	<u>8,752</u>	<u>-</u>	<u>8,752</u>
Total assets	<u>\$ 46,178,138</u>	<u>\$ 98,113,786</u>	<u>\$ 97,248,302</u>	<u>\$ 47,043,622</u>
<u>LIABILITIES</u>				
Unapportioned taxes:				
2013 Current tax	\$ 45,387,146	\$ 256,081	\$ 45,643,227	\$ -
2014 Current tax	-	46,228,900	-	46,228,900
Motor Vehicle	690,900	3,661,926	3,727,612	625,214
Delinquent taxes	87,687	270,946	192,072	166,561
Tax foreclosures	829	-	-	829
Mineral tax	-	18,112	9,244	8,868
Gasoline tax	-	959,957	959,957	-
Motor vehicle excise tax	772	767	950	589
Liquor tax	-	17,188	17,188	-
Recreational vehicle tax	10,804	70,767	71,819	9,752
Commercial truck tax	-	257,369	254,460	2,909
Cereal malt beverage tax	<u>-</u>	<u>225</u>	<u>225</u>	<u>-</u>
Total liabilities	<u>\$ 46,178,138</u>	<u>\$ 51,742,238</u>	<u>\$ 50,876,754</u>	<u>\$ 47,043,622</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2014

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
TAX DISTRIBUTION				
<u>ACCOUNTS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 28,830	\$ 35,803,301	\$ 35,823,971	\$ 8,160
Due from taxing districts	<u>—</u>	<u>8,750</u>	<u>—</u>	<u>8,750</u>
Total assets	<u>\$ 28,830</u>	<u>\$ 35,812,051</u>	<u>\$ 35,823,971</u>	<u>\$ 16,910</u>
<u>LIABILITIES</u>				
Apportioned taxes due to:				
Watersheds	\$ —	\$ 56,484	\$ 56,484	\$ —
Drainage districts	—	26,575	26,575	—
School districts	1,770	21,361,159	21,362,929	—
Townships	21,851	2,968,464	2,990,315	—
Cities	—	9,420,025	9,418,372	1,653
Fire districts	1,547	1,017,319	1,017,215	1,651
Regional library	—	230,559	230,559	—
Cemetery districts	—	54,194	54,194	—
Water assessment district	—	51,384	51,384	—
Library Districts	—	15,812	15,812	—
Improvement District	22	1,697	1,719	—
Historical tax	3,640	13,259	12,043	4,856
State of Kansas	—	586,370	586,370	—
Due to other funds	<u>—</u>	<u>8,750</u>	<u>—</u>	<u>8,750</u>
Total liabilities	<u>\$ 28,830</u>	<u>\$ 35,812,051</u>	<u>\$ 35,823,971</u>	<u>\$ 16,910</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2014

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
MOTOR VEHICLE FEES AND SALES TAX COLLECTION ACCOUNT				
<u>ASSETS</u>				
Cash including short-term Investments	<u>\$107,332</u>	<u>\$ 3,414,176</u>	<u>\$ 3,412,787</u>	<u>\$ 108,721</u>
<u>LIABILITIES</u>				
Due to State of Kansas	<u>\$107,332</u>	<u>\$ 3,414,176</u>	<u>\$ 3,412,787</u>	<u>\$ 108,721</u>
FISH AND GAME LICENSES AND PARK PERMITS				
<u>ASSETS</u>				
Cash including short-term investments	\$ 201	\$ 5,758	\$ 5,959	\$ -
Due from State of Kansas	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total assets	<u>\$ 201</u>	<u>\$ 5,760</u>	<u>\$ 5,959</u>	<u>\$ 2</u>
<u>LIABILITIES</u>				
Due to State of Kansas	\$ 201	\$ 5,758	\$ 5,959	\$ -
Due to other funds	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total liabilities	<u>\$ 201</u>	<u>\$ 5,760</u>	<u>\$ 5,959</u>	<u>\$ 2</u>
<u>STRAY ANIMALS</u>				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 1,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,886</u>
<u>LIABILITIES</u>				
Due to state of Kansas	<u>\$ 1,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,886</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2014

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
<u>FEE OFFICERS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ <u>117,323</u>	\$ <u>1,951,377</u>	\$ <u>2,033,406</u>	\$ <u>35,294</u>
<u>LIABILITIES</u>				
Due to County general fund	\$ -	\$ 438,964	\$ 438,964	\$ -
Due to technology fund	-	38,414	38,414	-
Due to other trust and agency funds	-	17,984	17,984	-
Balance in cases	117,323	1,070,479	1,152,508	35,294
Law Library	-	14,549	14,549	-
Due to State:				
Park and vessel permits	-	3,962	3,962	-
Marriage licenses	-	11,682	11,682	-
Fines	-	137,666	137,666	-
Docket fees	-	134,337	134,337	-
Alcohol safety action program	-	2,050	2,050	-
Other	<u>5</u>	<u>81,290</u>	<u>81,290</u>	<u>-</u>
Total liabilities	\$ <u>117,323</u>	\$ <u>1,951,377</u>	\$ <u>2,033,406</u>	\$ <u>35,294</u>

McPHERSON COUNTY
JAIL INMATES

<u>ASSETS</u>				
Cash including short-term investments	\$ <u>4,871</u>	\$ <u>87,226</u>	\$ <u>87,243</u>	\$ <u>4,854</u>
<u>LIABILITIES</u>				
Due to inmates	\$ <u>4,871</u>	\$ <u>87,226</u>	\$ <u>87,243</u>	\$ <u>4,854</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2014

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
McPHERSON COUNTY CAFETERIA PLAN				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 3,804</u>	<u>\$71,788</u>	<u>\$71,242</u>	<u>\$ 4,350</u>
<u>LIABILITIES</u>				
Accrued liabilities	<u>\$ 3,804</u>	<u>\$71,788</u>	<u>\$71,242</u>	<u>\$ 4,350</u>
McPHERSON COUNTY SHERIFF'S BENEFIT RESERVE				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 9,453</u>	<u>\$57,845</u>	<u>\$61,990</u>	<u>\$ 5,308</u>
<u>LIABILITIES</u>				
Accrued liabilities	<u>\$ 9,453</u>	<u>\$57,845</u>	<u>\$61,990</u>	<u>\$ 5,308</u>
<u>SALES TAX HOLDING</u>				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 496</u>	<u>\$ 1,530</u>	<u>\$ 1,724</u>	<u>\$ 302</u>
<u>LIABILITIES</u>				
Due to State of Kansas	<u>\$ 496</u>	<u>\$ 1,530</u>	<u>\$ 1,724</u>	<u>\$ 302</u>

STATISTICAL SECTION

**STATISTICAL SECTION
McPherson County, Kansas**

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Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the City provides and the activities it performs.	107

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

McPherson County, Kansas
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Government Activities										
Invested in Capital Assets, net	\$ 9,076,112	\$ 10,123,025	\$ 39,828,190	\$ 40,400,626	\$ 41,923,327	\$ 42,828,921	\$ 44,087,782	\$ 44,033,625	\$ 42,966,441	\$ 42,070,257
Restricted	55,617	62,097	2,478	3,000	3,337	3,349	4,552,843	3,550,318	3,407,955	4,163,271
Unrestricted	9,407,155	11,032,296	11,838,381	12,984,756	12,403,126	12,070,735	6,514,794	8,208,465	8,653,646	9,136,020
Total Governmental Activities Net Position	<u>\$ 18,538,884</u>	<u>\$ 21,217,418</u>	<u>\$ 51,669,049</u>	<u>\$ 53,388,382</u>	<u>\$ 54,329,790</u>	<u>\$ 54,903,005</u>	<u>\$ 55,155,419</u>	<u>\$ 55,792,408</u>	<u>\$ 55,028,042</u>	<u>\$ 55,369,548</u>

Note: Fiscal year 2007 includes retroactive reporting of infrastructure capital assets.
Fiscal year 2008 includes retroactive reporting of intangible assets.
Fiscal year 2011 Reclassified all reserve funds and War Memorial Funds from a special revenue fund type to a capital project fund type. GASB Statement 54 clarification of fund types.
Prior to 2011 Restricted dollars were for Debt service.

McPherson, Kansas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General Government	\$ 2,541,248	\$ 2,653,251	\$ 2,651,026	\$ 2,912,209	\$ 2,883,958	\$ 2,928,897	\$ 3,023,322	\$ 3,017,555	\$ 3,022,230	\$ 3,502,080
Public Safety	5,328,907	5,661,882	5,865,513	6,331,029	6,497,691	6,299,174	6,529,759	6,766,523	6,784,374	6,753,361
Highways and Streets	4,491,904	5,655,313	4,951,983	4,977,766	5,286,744	5,427,995	4,957,049	5,645,382	5,458,840	5,532,487
Health & Sanitation	1,697,877	1,659,668	1,743,919	1,783,243	2,009,766	2,013,704	2,033,606	2,214,782	2,174,855	2,252,536
Culture and Recreation	246,622	236,336	245,158	277,090	290,913	293,186	312,143	310,084	305,964	301,547
Environmental Protection	1,815,582	1,807,816	1,851,506	1,836,684	1,852,279	1,766,457	1,788,517	1,748,425	4,741,753	3,912,184
Education	100,524	32,229	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	145,955	134,715	126,226	120,680	114,060	106,655	98,641	89,989	74,895	180,182
Total Governmental Activities Expenses	16,368,619	17,841,210	17,435,331	18,238,701	18,935,411	18,836,068	18,743,037	19,792,740	22,562,911	22,434,377
Component Unit										
McPherson County Extension Council	273,779	293,151	304,592	331,807	363,548	348,550	387,432	366,868	334,563	363,122
Total Primary Government Expenses	16,642,398	18,134,361	17,739,923	18,570,508	19,298,959	19,184,618	19,130,469	20,159,608	22,897,474	22,797,499
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	970,055	932,974	1,059,007	1,070,758	1,066,140	1,108,499	969,158	1,140,627	1,145,820	1,230,797
Public Safety	811,775	869,478	846,147	868,581	903,783	743,173	710,015	778,785	750,478	492,423
Highway & Streets	69,448	55,224	95,286	2,714	1,058	65,287	21,160	82,364	255,244	312,879
Health and Sanitation	230,105	232,804	250,943	248,082	237,555	240,534	236,872	255,826	261,019	292,931
Culture and Recreation	30,278	28,093	27,295	29,197	29,401	41,716	23,503	25,029	50,907	31,804
Environmental Protection	1,780,678	1,728,609	1,721,047	1,748,404	1,739,714	1,718,788	1,721,400	1,724,498	1,759,830	1,761,935
Operating Grants and Contributions	2,646,728	3,053,037	2,951,378	3,520,995	3,305,319	3,428,723	3,136,489	3,508,321	3,553,595	4,200,736
Capital Grants and Contributions	22,321	35,294	10,054	-	-	158,222	182,205	165,290	201,516	80,432
Total Governmental Activities Program Revenue	6,561,388	6,935,513	6,961,157	7,488,731	7,282,970	7,504,942	7,000,802	7,680,740	7,978,409	8,403,937
Component Unit										
McPherson County Extension Council	72,080	71,099	83,863	99,758	110,197	109,793	120,606	130,878	91,690	85,518
Total Primary Government Program Revenue	6,633,468	7,006,612	7,045,020	7,588,489	7,393,167	7,614,735	7,121,408	7,811,618	8,070,099	8,489,455
Net (Expense) Revenue										
Governmental Activities	(9,807,231)	(10,905,697)	(10,474,174)	(10,749,970)	(11,652,441)	(11,331,126)	(11,742,235)	(12,112,000)	(14,584,502)	(14,030,440)
Component Unit	(201,699)	(222,052)	(220,729)	(232,049)	(253,351)	(238,757)	(266,826)	(235,990)	(242,873)	(277,604)
Total Primary Government Net Expenses	(10,008,930)	(11,127,749)	(10,694,903)	(10,982,019)	(11,905,792)	(11,569,883)	(12,009,061)	(12,347,990)	(14,827,375)	(14,308,044)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes										
General Purposes	11,026,592	11,053,319	10,802,089	10,093,641	10,172,792	9,941,667	10,013,444	10,753,738	11,694,280	12,059,605
Debt Service	36,261	6,480	381	522	337	-	-	-	-	-
Sales Taxes	1,721,622	1,813,491	1,751,477	1,877,493	1,786,187	1,869,704	1,927,655	1,955,840	2,085,856	2,275,647
Grants and entitlements not restricted to specific programs	11,324	21,131	21,814	25,059	26,115	25,052	23,310	23,324	26,935	21,810
Investment Earnings	384,384	689,810	893,233	472,588	138,234	67,918	30,240	16,087	13,065	14,884
Total Governmental Activities	13,180,183	13,584,231	13,468,994	12,469,303	12,123,665	11,904,341	11,994,649	12,748,989	13,820,136	14,371,946
Component Unit										
Payment from McPherson County	202,733	210,031	227,464	238,837	256,635	256,635	261,732	269,500	269,500	269,500
Investment Earnings	72	108	151	1,415	1,112	1,076	771	405	185	50
Total Component Unit	202,805	210,139	227,615	240,252	257,747	257,711	262,503	269,905	269,685	269,550
Total Primary Government	\$ 13,382,988	\$ 13,794,370	\$ 13,696,609	\$ 12,709,555	\$ 12,381,412	\$ 12,162,052	\$ 12,257,152	\$ 13,018,894	\$ 14,089,821	\$ 14,641,496
Change in Net Position										
Governmental Activities	\$ 3,372,952	\$ 2,678,534	\$ 2,994,820	\$ 1,719,333	\$ 471,224	\$ 573,215	\$ 252,414	\$ 636,989	\$ (764,366)	\$ 341,506
Component Unit	1,106	(11,913)	6,886	8,203	4,396	18,954	(4,323)	33,915	26,812	(8,054)
Total Primary Government	\$ 3,374,058	\$ 2,666,621	\$ 3,001,706	\$ 1,727,536	\$ 475,620	\$ 592,169	\$ 248,091	\$ 670,904	\$ (737,554)	\$ 333,452

McPherson, Kansas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 34,507	\$ 25,000	\$ 27,000	\$ 28,000	\$ 26,000	\$ 26,061	\$ -	\$ -	\$ -	\$ -
Unreserved	2,656,584	3,899,557	4,460,463	3,158,776	2,209,350	2,169,077	-	-	-	-
Committed							1,049,749	1,049,749	1,049,749	1,049,749
Assigned							62,919	532,416	301,756	976,329
Unassigned							970,696	563,702	891,907	758,950
Total General Fund	<u>2,691,091</u>	<u>3,924,557</u>	<u>4,487,463</u>	<u>3,186,776</u>	<u>2,235,350</u>	<u>2,195,138</u>	<u>2,083,364</u>	<u>2,145,867</u>	<u>2,243,412</u>	<u>2,785,028</u>
All Other Governmental Funds										
Reserved	908,698	361,137	221,577	877,795	512,510	185,675	-	-	-	-
Unreserved, reported in: Special Revenue Funds	4,648,644	5,445,953	5,771,244	7,569,581	8,466,259	8,603,516	-	-	-	-
Debt Service Fund	55,617	62,097	2,478	3,000	3,337	3,349	-	-	-	-
Nonspendable	-	-	-	-	-	-	118,528	94,668	110,843	234,353
Restricted	-	-	-	-	-	-	1,754,411	1,810,955	5,006,111	2,898,381
Committed	-	-	-	-	-	-	5,197,822	5,659,017	6,437,185	5,514,710
Assigned	-	-	-	-	-	-	684,015	712,475	471,586	1,255,434
Unassigned	-	-	-	-	-	-	(20,303)	-	-	-
Total all other Governmental Funds	<u>5,612,959</u>	<u>5,869,187</u>	<u>5,995,299</u>	<u>8,450,376</u>	<u>8,982,106</u>	<u>8,792,540</u>	<u>7,734,473</u>	<u>8,277,115</u>	<u>12,025,725</u>	<u>9,902,878</u>
Total All Fund Balances	<u>\$ 8,304,050</u>	<u>\$ 9,793,744</u>	<u>\$ 10,482,762</u>	<u>\$ 11,637,152</u>	<u>\$ 11,217,456</u>	<u>\$ 10,987,678</u>	<u>\$ 9,817,837</u>	<u>\$ 10,422,982</u>	<u>\$ 14,269,137</u>	<u>\$ 12,687,906</u>

NOTE: Fiscal year 2011, reclassified all reserve funds and War Memorial Funds from a special revenue fund type to a capital project fund type. GASB Statement 54 clarification of fund types.

McPherson, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 12,968,877	\$ 13,058,071	\$ 12,735,134	\$ 12,151,563	\$ 12,133,233	\$ 11,819,702	\$ 11,951,468	\$ 12,906,059	\$ 13,978,503	\$ 14,531,252
Special Assessment Taxes	1,614,727	1,576,614	1,613,597	1,635,478	1,617,191	1,614,056	1,628,256	1,615,531	1,657,245	1,652,119
Intergovernmental	2,646,677	3,067,110	2,967,696	3,296,191	3,125,507	3,430,403	3,136,414	3,286,009	3,404,202	4,039,221
Licenses and Permits	1,265,956	1,223,703	1,313,086	1,452,204	1,463,838	1,450,726	1,068,081	1,262,800	1,214,777	907,032
Charges for Services	589,082	612,373	535,101	493,479	536,705	491,764	708,498	778,725	768,168	875,332
Use of Money & Property	553,693	870,905	1,068,714	658,165	328,701	247,752	214,668	201,320	246,370	206,842
Other Revenues	85,001	88,723	202,923	285,744	191,285	347,865	282,171	364,745	522,205	549,340
Total Revenues	19,724,013	20,497,499	20,436,251	19,972,824	19,396,460	19,402,268	18,989,556	20,415,189	21,791,470	22,761,138
Expenditures										
General Government	2,465,908	2,560,532	2,516,251	2,774,559	2,722,394	3,015,631	2,876,005	2,853,082	2,899,849	3,394,125
Public Safety	5,178,454	5,592,906	5,741,705	6,285,986	6,369,313	6,216,670	6,716,847	6,675,643	6,676,210	6,827,026
Highways and Streets	6,851,373	6,479,293	7,110,543	5,799,625	6,386,727	5,988,628	5,899,685	5,381,384	6,022,383	6,493,343
Culture and Recreation	223,413	232,814	257,970	274,763	281,130	288,897	300,677	285,804	286,618	291,198
Environmental Protection	2,058,691	2,035,578	1,998,055	1,553,103	1,848,781	1,773,754	1,806,791	1,747,057	1,774,495	1,913,496
Education	100,524	32,229	-	-	-	-	-	-	-	-
Health and Welfare	1,694,356	1,705,217	1,754,383	1,757,114	1,985,776	1,983,570	2,014,087	2,194,037	2,268,235	2,251,435
Capital Outlay	-	-	-	-	-	-	178,186	304,267	2,962,687	2,296,811
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	235,000	230,000	240,000	250,000	255,000	255,000	265,000	275,000	280,000	725,000
Interest	139,987	139,236	128,326	123,284	117,035	109,896	102,119	93,770	84,726	149,935
Bond Issuance Costs	-	-	-	-	-	-	-	-	11,968	-
Total Expenditures	18,947,706	19,007,805	19,747,233	18,818,434	19,966,156	19,632,046	20,159,397	19,810,044	23,267,171	24,342,369
Revenues over (under) Expenditures	776,307	1,489,694	689,018	1,154,390	(569,696)	(229,778)	(1,169,841)	605,145	(1,475,701)	(1,581,231)
Other Financing Sources (Uses)										
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of general obligation refunding bonds	-	-	-	-	-	-	-	-	7,050,000	-
Premium on general obligation refunding bonds	-	-	-	-	-	-	-	-	210,543	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	(1,938,687)	-
Transfers In	738,000	848,041	863,419	1,723,752	286,475	134,664	121,210	582,000	631,377	37,509
Transfers Out	(738,000)	(848,041)	(863,419)	(1,723,752)	(136,475)	(134,664)	(121,210)	(582,000)	(631,377)	(37,509)
Total Other Financing Sources (Uses)	-	-	-	-	150,000	-	-	-	5,321,856	-
Net Change in Fund Balance	\$ 776,307	\$ 1,489,694	\$ 689,018	\$ 1,154,390	\$ (419,696)	\$ (229,778)	\$ (1,169,841)	\$ 605,145	\$ 3,846,155	\$ (1,581,231)
Debt Service as a Percentage of Noncapital Expenditures	2.41%	2.13%	2.45%	2.37%	2.28%	2.40%	2.31%	2.22%	1.99%	4.51%

McPherson County, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		Total Direct Tax Rate	Assessed Value as a % of <u>Estimated Actual Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
2005	\$ 245,132,663	\$ 1,428,817,594	\$ 45,322,955	\$ 232,416,113	\$ 290,455,618	\$ 1,661,233,707	33.383	17.48%
2006	255,298,489	1,507,182,864	52,485,779	253,828,305	307,784,268	1,761,011,169	31.142	17.48%
2007	259,863,866	1,553,401,047	58,507,603	320,143,927	318,371,469	1,873,544,974	28.587	16.99%
2008	269,762,008	1,675,449,160	47,324,874	243,942,650	317,086,882	1,919,391,810	28.016	16.52%
2009	269,477,040	1,695,156,777	39,701,441	212,307,171	309,178,481	1,907,463,948	27.997	16.21%
2010	275,128,666	1,714,983,370	39,514,855	135,216,286	314,643,521	1,850,199,656	28.001	17.01%
2011	285,726,041	1,746,344,236	37,388,354	129,028,571	323,114,395	1,875,372,807	30.036	17.23%
2012	300,628,100	1,805,717,359	37,125,322	160,659,503	337,753,422	1,966,376,862	31.255	17.18%
2013	319,680,591	2,004,605,923	34,170,718	133,906,878	353,851,309	2,138,512,801	30.190	16.55%
2014	331,212,265	2,576,008,600	29,772,147	124,698,989	360,984,412	2,700,707,589	30.197	13.37%

Source: McPherson County Appraiser
McPherson County Clerk

McPherson County, Kansas
Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1000 of Assessed Value)

Tax Levies - Taxes fund the following year budgets										
County Direct Rates	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General	13.00	10.24	6.78	6.74	9.17	10.27	10.16	9.88	10.59	9.97
Public Works	15.00	15.53	15.51	15.35	10.48	11.36	13.23	13.62	12.87	12.42
Health	0.53	0.53	0.51	0.51	0.53	0.52	0.51	0.54	0.52	0.51
Noxious Weeds	0.58	0.58	0.57	0.55	0.40	0.33	0.38	0.47	0.34	0.39
Employee Benefits	4.28	4.27	5.22	4.86	7.42	5.52	5.76	6.41	5.57	6.61
Comm. Developmental Dis.	-	-	-	-	-	-	-	0.34	0.30	0.30
Total Direct Rates	33.38	31.14	28.59	28.01	28.00	28.00	30.04	31.26	30.19	30.20
City Rates										
Canton	51.24	50.73	50.49	51.02	51.12	50.36	50.26	49.85	48.23	50.44
Galva	44.70	44.67	44.43	43.76	43.77	47.72	47.74	47.69	47.69	47.71
Inman	69.21	67.18	67.10	67.00	66.74	66.80	66.54	66.56	66.56	65.10
Lindsborg	33.88	33.86	37.61	37.54	37.52	34.52	34.52	37.48	39.73	69.57
Marquette	52.03	53.59	55.99	59.30	60.15	60.31	59.03	59.16	59.16	59.70
McPherson	47.71	50.17	48.80	51.34	51.34	51.28	51.13	51.13	51.02	51.33
Moundridge	19.38	20.21	21.59	58.76	25.50	23.02	26.00	26.54	30.11	31.00
Windom	22.33	29.66	30.33	33.24	33.38	37.93	38.80	37.02	57.09	56.84
Townships	4.7 - 22.9	4.5 - 22.1	3.7 - 22.0	3.8 - 22.5	3.7 - 22.5	3.8 - 22.4	3.8 - 22.9	3.8 - 24.8	6.8 - 24.8	7.1 - 26.1
School Districts	31.5 - 57.9	34.1 - 60.0	34.2 - 57.8	37.0 - 57.5	38.4 - 57.7	39.7 - 57.7	40.9 - 61.2	40.0 - 64.8	40.0 - 64.8	45.5 - 62.4
Fire Districts	2.2 - 12.5	2.4 - 12.6	2.0 - 12.4	2.0 - 11.4	2.0 - 10.5	2.5 - 10.5	2.4 - 10.6	2.7 - 10.6	3.6 - 10.7	3.3 - 10.9
Cemeteries	.4 - 1.3	.3 - 1.2	1.1 - 1.4	1.1 - 2.3	1.1 - 2.3	1.1 - 2.2	1.0 - 1.6	1.0 - 2.3	1.0 - 2.2	0.6 - 2.1
Libraries	1.0 - 2.8	1.0 - 2.8	1.1 - 2.7	1.0 - 2.7	1.1 - 2.9	1.1 - 2.8	1.1 - 2.9	1.1 - 2.8	1.1 - 2.8	1.1 - 2.7
Watershed	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

Source: McPherson County Clerk

County of McPherson, Kansas
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2014</u>			<u>Taxpayer</u>	<u>2005</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
NCRA	\$ 33,125,274	1	9.18%	NCRA	\$ 16,997,653	1	5.85%
JOHNS MANVILLE CORPORATION	4,401,140	2	1.22%	ALLTEL	8,040,974	2	2.77%
HOSPIRA INC	3,651,028	3	1.01%	MAPCO/WILLIAMS COMPANY	7,963,979	3	2.74%
MID KANSAS COOP ASSN	2,796,110	4	0.77%	WESTAR ENERGY/KS GAS	7,106,154	4	2.45%
WALMART	1,979,500	5	0.55%	JOHNS MANVILLE	6,802,842	5	2.34%
WILLIAMS FRACTIONATOR	1,734,631	6	0.48%	CERTAINTED	4,621,338	6	1.59%
BRADBURY CO INC	1,673,883	7	0.46%	MID CONTINENT FRACTIONATOR	4,291,550	7	1.48%
MID CONTINENT FRACTIONATOR	1,651,996	8	0.46%	KANEB	3,283,434	8	1.13%
SCHULLER INT'L INC	1,585,431	9	0.44%	HOSPIRA	2,839,632	9	0.98%
SAGAR INC	1,577,193	10	0.44%	SOUTHWESTERN BELL	2,606,481	10	0.90%
	<u>\$ 54,176,186</u>		<u>15.01%</u>		<u>\$ 64,554,037</u>		<u>22.23%</u>
County Assessed Valuation	\$ 360,984,412			County Assessed Valuation	\$ 290,455,618		

Source: McPherson County Treasurer

McPherson, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2005	\$ 9,629,469	\$ 9,493,946	98.59%	\$ 114,958	\$ 9,608,904	99.79%
2006	9,857,527	9,726,576	98.67%	113,481	9,840,057	99.82%
2007	9,794,210	9,599,248	98.01%	115,243	9,714,491	99.19%
2008	9,324,170	8,849,477	94.91%	105,399	8,954,876	96.04%
2009	8,913,001	8,736,417	98.02%	174,268	8,910,685	99.97%
2010	8,692,138	8,540,412	98.25%	144,673	8,685,085	99.92%
2011	8,944,108	8,830,724	98.73%	106,830	8,937,554	99.93%
2012	9,872,818	9,677,908	98.03%	177,643	9,855,551	99.83%
2013	10,666,960	10,546,185	98.87%	87,129	10,633,314	99.68%
2014	10,915,901	10,810,242	99.03%	44,398	10,854,640	99.44%

Source: County Treasurer Tax Abstract

Note: 2013 Tax Levies fund the 2014 Fiscal Year

Taxes Levied for the Fiscal Year include added and abated taxes
for the respective years.

McPherson County, Kansas
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Premium on General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	<u>Percent of Actual Taxable Value of Property</u>
2005	\$ 3,970,000	-	\$ 3,970,000	0.40%	\$ 134.61	0.24%
2006	3,740,000	-	3,740,000	0.35%	127.30	0.21%
2007	3,500,000	-	3,500,000	0.32%	119.88	0.19%
2008	3,250,000	-	3,250,000	0.27%	111.90	0.17%
2009	2,995,000	-	2,995,000	0.27%	103.76	0.16%
2010	2,740,000	-	2,740,000	0.24%	94.34	0.15%
2011	2,475,000	-	2,475,000	0.20%	84.64	0.13%
2012	2,200,000	-	2,200,000	0.17%	74.94	0.11%
2013	7,050,000	183,214	7,233,214	0.52%	238.43	0.33%
2014	\$ 6,325,000	\$ 158,644	6,483,644	NA	213.91	0.23%

Per Capita Personal Income from
Fiscal Conditions & Trends K-State Research
Dr. John Leatherman

McPherson County, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Percent of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2005	\$ 3,970,000	\$ 55,617	\$ 3,914,383	0.24%	\$ 132.73
2006	3,740,000	62,097	3,677,903	0.21%	125.18
2007	3,500,000	2,478	3,497,522	0.19%	119.79
2008	3,250,000	3,000	3,247,000	0.17%	111.80
2009	2,995,000	3,337	2,991,663	0.16%	103.64
2010	2,740,000	3,349	2,736,651	0.15%	94.22
2011	2,475,000	3,366	2,471,634	0.13%	84.53
2012	2,200,000	3,368	2,196,632	0.11%	74.83
2013	7,050,000	7,718	7,042,282	0.33%	238.16
2014	6,325,000	7,718	6,317,282	0.23%	213.65

Source: County's Financials

McPherson County, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Tangible Taxable Property		\$ 360,984,412
Tangible Valuation of Motor Vehicles		<u>32,999,877</u>
Total Tangible Valuation for the Computation of Bonded Indebtedness Limitations		<u>\$ 393,984,289</u>
(1) Debt Limit (3% of Assessed Tangible Taxable Property)		\$ 11,819,529
General Obligation Bonded Indebtedness	\$ 6,325,000	
Less: General Obligation Bonded Indebtedness Exempt from Legal Debt Margin (2)	<u>6,325,000</u>	<u>-</u>
Legal Debt Margin		<u>\$ 11,819,529</u>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 9,708,161	\$ 10,247,996	\$ 10,570,220	\$ 10,553,550	\$ 10,313,055	\$ 10,455,762	\$ 10,705,572	\$ 11,373,451	\$ 11,669,674	\$ 11,819,529
Total Debt Applicable to Limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 9,708,161	\$ 10,247,996	\$ 10,570,220	\$ 10,553,550	\$ 10,313,055	\$ 10,455,762	\$ 10,705,572	\$ 11,373,451	\$ 11,669,674	\$ 11,819,529
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: (1) Debt Limitations: Per K.S.A. 10-306 the authorized and outstanding bonded indebtedness of any county shall not exceed 3% of the assessed value of all tangible taxable property within such county.

(2) K.S.A. 19-2659 exempts bonds issued for solid waste improvements and equipment from the calculation of the County's legal debt margin.

McPherson County
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (<i>thousands</i>)	Per Capita Income	Unemployment Rate	
				McPherson County (1)	State of Kansas
2005	29,492	\$ 987,363	\$ 33,479	3.6%	5.1%
2006	29,380	1,080,450	36,775	3.4%	4.5%
2007	29,196	1,085,390	37,176	3.4%	4.1%
2008	29,044	1,189,468	40,954	3.4%	4.4%
2009	28,866	1,090,673	37,784	4.9%	6.7%
2010	29,044	1,125,455	38,750	5.2%	7.0%
2011	29,241	1,263,240	43,201	4.6%	5.8%
2012	29,356	1,313,975	44,760	4.0%	5.7%
2013	29,569	1,356,892	45,889	3.3%	5.4%
2014	29,569	NA	NA	3.2%	4.5%

Note: (1) In 2004 Kansas began using the U.S. Department of Labor method to calculate unemployment. The new method will result in higher unemployment estimates, but more accurate information.

Source: Kansas Division of Budget
2010 U.S. Census Bureau of Labor Statistics

McPherson County, Kansas
Major Industrial Employers
Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Hospira	1,398	1	8.23%	800	1	4.74%
National Coop. Refinery Assoc.	640	2	3.77%	590	2	3.50%
Viega, LLC	300	3	1.77%	195	8	1.16%
Moridge Co., Moundridge	285	4	1.68%	245	6	1.45%
Bradbury Co., Moundridge	280	5	1.65%	230	7	1.36%
Johns Manville	275	6	1.62%	289	4	1.71%
Piping Technology	200	7	1.18%	NA	NA	
Central Plastics	170	8	1.00%	150	9	0.89%
Ferguson Production	154	9	0.91%	150	10	0.89%
Tortilla King	140	10	0.82%	NA	NA	
Totals	<u>3,842</u>		<u>22.62%</u>	<u>2,649</u>		<u>15.71%</u>
Total County Employment	16,985			16,862		

McPherson County, Kansas
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government									
Commission	3	3	3	3	3	3	3	3	3
Admin/Financial	5	4	4	4	4	4	4	4	4
Co. Clerk	4	4	4	4	4	4	4	4	4
Co. Treasurer	4	4	4	4	4	4	4	4	4
Register of Deeds	4	4	4	4	4	4	4	4	4
Appraiser	11	9	9	9	9	9	9	9	9
Maintenance	2	2	2	2	2	2	2	2	2
Planning & Zoning	1	1	1	1	1	1	1	1	1
Information Technology (IT)					1	1	1	2	2
Motor Vehicle Licensing	5	5	5	5	5	5	6	6	7
Total General Government	39	36	36	36	37	37	38	39	40
Public Safety									
Emergency Mgmt/E911	15	13	13	13	13	13	13	14	15
Sheriff	17	18	18	18	18	18	18	19	19
Jail	16	16	16	16	16	16	16	16	16
County Attorney	7	7	7	7	7	7	7	8	8
Community Corrections	16	16	17	16	15	15	15	14	14
Court Trustee	8	8	8	8	8	8	8	8	6
Total Public Safety	79	78	79	78	77	77	77	79	78
Public Works	42	42	42	40	40	39	39	39	39
Old Mill Museum & Park	4	4	4	4	4	4	4	4	4
Noxious Weeds	3	3	3	3	3	3	3	3	3
Infant Toddler Program	4	4	4	4	4	4	4	4	4
Health Dept	12	10	10	10	10	10	10	10	10
Total	183	177	178	175	175	174	175	178	178

Source: County Personnel Records

McPherson County, Kansas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Sheriff										
Law Enforcement Center	1	1	1	1	1	1	1	1	1	1
Sheriff's Vehicles	15	16	17	17	17	17	17	17	17	17
Jail										
40 Bed Facility	1	1	1	1	1	1	1	1	1	1
Old Mill Park & Museum										
Acreage	19	19	19	19	19	19	19	19	19	19
Roads										
Hard Surface	307	307	307	307	307	307	307	311	315	318
Gravel	61	61	61	61	61	61	61	61	61	57
Bridges - opening greater than 25 square feet	1,200	1,201	1,202	1,203	1,204	1,205	1,204	1,204	1,204	1,206
Health										
Health Department Facility	1	1	1	1	1	1	1	1	1	1
Environmental										
Noxious Weed Facility	1	1	1	1	1	1	1	1	1	1
Educational										
McKids Facility	1	1	1	1	1	1	1	1	1	1
General Government										
Courthouse	1	1	1	1	1	1	1	1	1	1
Office Building (Bank Bldg.)	1	1	1	1	1	1	1	1	1	1

Source: Department Reports and County Inventory

MCPHERSON COUNTY, KANSAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Number of new registered voters	1,019	1,632	892	1,713	703	880	759	1,458	630	651
Number of real estate parcels	*	*	*	17,303	17,325	17,321	17,328	17,344	17,473	17,486
Number of taxable real estate parcels	*	*	*	16,617	16,623	16,626	16,590	16,788	16,847	16,854
Documents filed with register of deeds	7,209	6,640	6,015	6,271	7,376	5,999	5,997	7,080	6,371	5,353
Public Safety										
Average monthly 911 calls for service (1)	2,359	2,386	2,575	3,492	3,853	7,716	8,304	7,825	7,245	7,513
Average daily population in custody of Sheriff	*	*	*	37.7	25.0	29.8	33	31	25	32
Average daily new incarcerations	*	*	*	4.5	4.5	4	4	5	7	2
Public Works										
Miles of road improved	82	81	80	66	47	48	75	119	109	161
Number of bridges/pipes reconstructed	14	9	13	8	14	9	12	14	15	8
Health and Welfare										
Number of immunizations provided	6,659	6,522	6,908	6,282	7,825	5,678	6,265	6,682	8,536	6,344
Number of immunization clients	3,320	2,749	2,734	3,657	3,125	2,529	1,955	2,236	2,353	3,186
Total number of clients all programs	4,755	4,346	4,091	3,785	4,038	3,368	3,220	3,371	3,001	3,064
Culture and Recreation										
Annual attendance at Museum	7,487	6,975	6,168	6,398	7,600	6,550	6,606	5,966	6,145	6,164

* Information not available

(1) In 2010 began recording all calls for service, both E911 and Communications Administrative

MCPHERSON COUNTY, KANSAS
SUMMARY OF INSURANCE IN FORCE
December 31, 2014

Company Policy No. - Term	Coverage	Limit of Liability
Employers Mutual Casualty 0E6-14 03-01-14 to 03-01-15	Auto: Single Limit Liability Uninsured & Underinsured Motorist Auto Medical	\$ 500,000 500,000 5,000
Employers Mutual Casualty 0A6-14 03-01-14 to 03-01-15	Commercial Property Blanket Building & Personal Business Income	25,250,721 1,000,000
Employers Mutual Casualty 0C6-14 03-01-14 to 03-01-15	Commercial Inland Marine Contractors Equipment - per schedule Tools owned by named employee Data Processing - Equipment Data Proc. - Data, Media & Extra Expense Valuable Papers & Records (5 Locations)	1,614,195 30,000 373,400 175,000 810,500
Employers Mutual Casualty 0S6-14 03-01-14 to 03-01-15 Employers Mutual Casualty	Public Employees Faithful Employee Theft - per loss Forgery or Alteration Professional Endorsement Liability	10,000 10,000
Employers Mutual Casualty 0K6-14 03-01-14 to 03-01-15	Professional Endorsement Liability Each Loss Annual Aggregate	1,000,000 2,000,000
Employers Mutual Casualty 0L6-14 03-01-14 to 03-01-15	Employee Benefits Each Occurrence Aggregate Limit	500,000 1,000,000
Employers Mutual Casualty 0H6-14 03-01-14 to 03-01-15	Workers Comp. & Employer Liability By Accident: each accident By Disease: each employee	500,000 500,000
Employers Mutual Casualty 0D6-14 03-01-14 to 03-01-15	Commercial Gen. Liability. Coverage General Aggregate Aggregate Limit Personal & Advertising Injury Each Occurrence Fire Damage - Any one fire Medical Expense - Any one person	1,000,000 1,000,000 500,000 500,000 100,000 5,000
Employers Mutual Casualty 0G6-14 03-01-14 to 03-01-15	Law Enforcement Liability Each Occurrence Aggregate Limit	1,000,000 2,000,000
03-01-14 to 03-01-15 Employees Mutual Casualty 09-04-90 (Continuous) Alliance Insurance	Surety Bonds Elected Public Officials Bond Financial Manager	30,000 100,000